



**For the Year Ending December 31, 2005**  
OF THE CONDITION AND AFFAIRS OF THE

(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D) .....	2,599,920		2,599,920	1,402,827
2.	Stocks (Schedule D)				
2.1	Preferred stocks .....				
2.2	Common Stocks .....				
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens .....				
3.2	Other than first liens .....				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$..... encumbrances) .....				
4.2	Properties held for the production of income (less \$..... encumbrances) .....				
4.3	Properties held for sale (less \$..... encumbrances) .....				
5.	Cash (\$.....3,086,139 Schedule E Part 1), cash equivalents (\$..... Schedule E Part 2) and short-term investments (\$..... Schedule DA) .....	3,086,139		3,086,139	4,074,910
6.	Contract loans (including \$..... premium notes) .....				
7.	Other invested assets (Schedule BA) .....				
8.	Receivables for securities .....				
9.	Aggregate write-ins for invested assets .....				
10.	Subtotals, cash and invested assets (Lines 1 to 9) .....	5,686,059		5,686,059	5,477,737
11.	Title plants less \$..... charged off (for Title insurers only) .....				
12.	Investment income due and accrued .....	23,623		23,623	8,520
13.	Premiums and considerations				
13.1	Uncollected premiums and agents' balances in the course of collection .....				
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$..... earned but unbilled premiums) .....				
13.3	Accrued retrospective premiums .....				
14.	Reinsurance:				
14.1	Amounts recoverable from reinsurers .....				
14.2	Funds held by or deposited with reinsured companies .....				
14.3	Other amounts receivable under reinsurance contracts .....				
15.	Amounts receivable relating to uninsured plans .....	68,757		68,757	
16.1	Current federal and foreign income tax recoverable and interest thereon .....				
16.2	Net deferred tax asset .....				
17.	Guaranty funds receivable or on deposit .....				
18.	Electronic data processing equipment and software .....				
19.	Furniture and equipment, including health care delivery assets (\$.....) .....				
20.	Net adjustment in assets and liabilities due to foreign exchange rates .....				
21.	Receivables from parent, subsidiaries and affiliates .....				
22.	Health care (\$.....) and other amounts receivable .....				
23.	Aggregate write-ins for other than invested assets .....	14,722	14,722		
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) .....	5,793,161	14,722	5,778,439	5,486,257
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....				
26.	Total (Lines 24 and 25) .....	5,793,161	14,722	5,778,439	5,486,257
DETAILS OF WRITE-INS					
0901	.....				
0902	.....				
0903	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page .....				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) .....				
2301.	Prepaid Expenses .....	14,722	14,722		
2302	.....				
2303	.....				
2398.	Summary of remaining write-ins for Line 23 from overflow page .....				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	14,722	14,722		

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$..... reinsurance ceded) .....	233,646		233,646	279,225
2.	Accrued medical incentive pool and bonus amounts .....				
3.	Unpaid claims adjustment expenses .....	397,648		397,648	356,628
4.	Aggregate health policy reserves .....				
5.	Aggregate life policy reserves .....				
6.	Property/casualty unearned premium reserves .....				
7.	Aggregate health claim reserves .....				
8.	Premiums received in advance .....				
9.	General expenses due or accrued .....	24,502		24,502	41,320
10.1	Current federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses)) .....				
10.2	Net deferred tax liability .....				
11.	Ceded reinsurance premiums payable .....				
12.	Amounts withheld or retained for the account of others .....				
13.	Remittance and items not allocated .....				
14.	Borrowed money (including \$..... current) and interest thereon \$..... (including \$..... current) .....				
15.	Amounts due to parent, subsidiaries and affiliates .....	166,129		166,129	164,482
16.	Payable for securities .....				
17.	Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers) .....				
18.	Reinsurance in unauthorized companies .....				
19.	Net adjustments in assets and liabilities due to foreign exchange rates .....				
20.	Liability for amounts held under uninsured accident and health plans .....				92,086
21.	Aggregate write-ins for other liabilities (including \$..... current) .....				
22.	Total liabilities (Lines 1 to 21) .....	821,925		821,925	933,741
23.	Aggregate write-ins for special surplus funds .....	X X X	X X X		
24.	Common capital stock .....	X X X	X X X	100	100
25.	Preferred capital stock .....	X X X	X X X		
26.	Gross paid in and contributed surplus .....	X X X	X X X	2,989,400	2,989,400
27.	Surplus notes .....	X X X	X X X		
28.	Aggregate write-ins for other than special surplus funds .....	X X X	X X X		
29.	Unassigned funds (surplus) .....	X X X	X X X	1,967,014	1,563,016
30.	Less treasury stock, at cost:				
30.1	..... shares common (value included in Line 24 \$.....) .....	X X X	X X X		
30.2	..... shares preferred (value included in Line 25 \$.....) .....	X X X	X X X		
31.	Total capital and surplus (Lines 23 to 29 minus Line 30) .....	X X X	X X X	4,956,514	4,552,516
32.	Total Liabilities, capital and surplus (Lines 22 and 31) .....	X X X	X X X	5,778,439	5,486,257
DETAILS OF WRITE-INS					
2101	.....				
2102	.....				
2103	.....				
2198.	Summary of remaining write-ins for Line 21 from overflow page .....				
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above) .....				
2301	.....	X X X	X X X		
2302	.....	X X X	X X X		
2303	.....	X X X	X X X		
2398.	Summary of remaining write-ins for Line 23 from overflow page .....	X X X	X X X		
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	X X X	X X X		
2801	.....	X X X	X X X		
2802	.....	X X X	X X X		
2803	.....	X X X	X X X		
2898.	Summary of remaining write-ins for Line 28 from overflow page .....	X X X	X X X		
2899.	TOTALS (Lines 2801 through 2803 plus 2898) (Line 28 above) .....	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months .....	X X X .....		
2.	Net premium income (including \$..... non-health premium income) .....	X X X .....		
3.	Change in unearned premium reserves and reserve for rate credits .....	X X X .....		
4.	Fee-for-service (net of \$..... medical expenses) .....	X X X .....		
5.	Risk revenue .....	X X X .....		
6.	Aggregate write-ins for other health care related revenues .....	X X X .....		
7.	Aggregate write-ins for other non-health revenues .....	X X X .....		
8.	Total revenues (Lines 2 to 7) .....	X X X .....		
Hospital and Medical:				
9.	Hospital/medical benefits .....			
10.	Other professional services .....			
11.	Outside referrals .....			
12.	Emergency room and out-of-area .....			
13.	Prescription drugs .....			
14.	Aggregate write-ins for other hospital and medical .....			
15.	Incentive pool, withhold adjustments and bonus amounts .....			
16.	Subtotal (Lines 9 to 15) .....			
Less:				
17.	Net reinsurance recoveries .....			
18.	Total hospital and medical (Lines 16 minus 17) .....			
19.	Non-health claims (net) .....			
20.	Claims adjustment expenses, including \$.....(214,890) cost containment expenses .....		(160,687)	(319,022)
21.	General administrative expenses .....		(279,753)	(454,206)
22.	Increase in reserves for life and accident and health contracts (including \$..... increase in reserves for life only) .....			
23.	Total underwriting deductions (Lines 18 through 22) .....		(440,440)	(773,228)
24.	Net underwriting gain or (loss) (Lines 8 minus 23) .....	X X X .....	440,440	773,228
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17) .....		144,031	83,422
26.	Net realized capital gains (losses) less capital gains tax of \$.....			
27.	Net investment gains (losses) (Lines 25 plus 26) .....		144,031	83,422
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)] .....			
29.	Aggregate write-ins for other income or expenses .....		25,000	(25,000)
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	X X X .....	609,471	831,650
31.	Federal and foreign income taxes incurred .....	X X X .....	207,221	282,762
32.	Net income (loss) (Lines 30 minus 31) .....	X X X .....	402,250	548,888
DETAILS OF WRITE-INS				
0601	.....	X X X .....		
0602	.....	X X X .....		
0603	.....	X X X .....		
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	X X X .....		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X .....		
0701	.....	X X X .....		
0702	.....	X X X .....		
0703	.....	X X X .....		
0798.	Summary of remaining write-ins for Line 7 from overflow page .....	X X X .....		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above) .....	X X X .....		
1401	.....			
1402	.....			
1403	.....			
1498.	Summary of remaining write-ins for Line 14 from overflow page .....			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above) .....			
2901.	Abandonment accrual .....		25,000	(25,000)
2902	.....			
2903	.....			
2998.	Summary of remaining write-ins for Line 29 from overflow page .....			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above) .....		25,000	(25,000)

**STATEMENT OF REVENUE AND EXPENSES (Continued)**

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year .....	4,552,516	4,004,708
GAINS AND LOSSES TO CAPITAL & SURPLUS			
34.	Net income or (loss) from Line 32 .....	402,250	548,888
35.	Change in valuation basis of aggregate policy and claim reserves .....		
36.	Change in net unrealized capital gains (losses) less capital gains tax of \$.....		
37.	Change in net unrealized foreign exchange capital gain or (loss) .....		
38.	Change in net deferred income tax .....		
39.	Change in nonadmitted assets .....	1,748	(1,080)
40.	Change in unauthorized reinsurance .....		
41.	Change in treasury stock .....		
42.	Change in surplus notes .....		
43.	Cumulative effect of changes in accounting principles .....		
44.	Capital Changes:		
44.1	Paid in .....		
44.2	Transferred from surplus (Stock Dividend) .....		
44.3	Transferred to surplus .....		
45.	Surplus adjustments:		
45.1	Paid in .....		
45.2	Transferred to capital (Stock Dividend) .....		
45.3	Transferred from capital .....		
46.	Dividends to stockholders .....		
47.	Aggregate write-ins for gains or (losses) in surplus .....		
48.	Net change in capital and surplus (Lines 34 to 47) .....	403,998	547,808
49.	Capital and surplus end of reporting year (Line 33 plus 48) .....	4,956,514	4,552,516
DETAILS OF WRITE-INS			
4701	.....		
4702	.....		
4703	.....		
4798.	Summary of remaining write-ins for Line 47 from overflow page .....		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....		

**Report #2A: TENNCARE OPERATIONS STATEMENT OF REVENUES AND EXPENSES**  
**December 31, 2005**

**Prepared in accordance with instructions from TDCI**

	Current Quarter	Current Year	Previous Year
	Total	Total	Total
MEMBER MONTHS	164,010	626,177	578,206
<b>REVENUES:</b>			
1. TennCare Capitation	17,670,212	78,247,780	64,654,812
Capitation	-	-	-
ASO Administrative fees received	1,860,863	7,691,533	
ASO Medical expense	15,391,989	69,046,891	
Premium Tax Expense	417,360	1,509,356	
2. Adverse Selection	-	-	-
3. Total (Lines 1 and 2)	17,670,212	78,247,780	64,654,812
4. Investment	43,144	144,030	83,422
5. Other Revenue (Provide detail)	-	-	-
6. TOTAL (Lines 3 to 5)	17,713,356	78,391,810	64,738,234
<b>EXPENSES:</b>			
Medical and Hospital Services			
7. Capitated Physician Services	131,577	386,206	224,145
8. Fee for Service Physician Services	5,381,958	26,261,561	23,298,075
9. Inpatient Hospital Services	4,135,786	21,459,074	16,025,356
10. Outpatient Services	1,764,882	8,159,719	6,385,803
11. Emergency Room Services	817,613	3,728,692	2,738,745
12. Mental Health Services	-	-	-
13. Dental Services	-	-	-
14. Vision Services	88,280	349,794	330,415
15. Pharmacy Services	199	571	1,134
16. Home Health Services	262,462	1,298,065	519
17. Chiropractic Services	291	4,031	2,800
18. Radiology Services	461,250	2,505,436	2,331,208
19. Laboratory Services	240,963	965,813	779,210
20. Durable Medical Equipment Services	375,944	1,713,118	1,549,680
21. Transportation Services	538,934	2,223,827	1,800,983
22. Outside Referrals	-	-	-
23. Medical Incentive Pool and Withhold Adjustments	-	-	-
24. Occupancy, Depreciation and Amortization	-	-	-
25. Other Medical and Hospital Services (Provide Detail)	47,876	189,848	171,682
27. Subtotal (Lines 7 to 26)	14,248,015	69,245,755	55,639,755
LESS:			
28. Net Reinsurance Recoveries	41,164	(6,806)	(332,012)
29. Copayments	78,313	94,063	106,769
30. Subrogation and Coordination of Benefits	(1,263,451)	111,607	202,426
Subtotal (Lines 27 to 29)	(1,143,974)	198,864	(22,817)
31. TOTAL MEDICAL AND HOSPITAL (Line 26 less 30)	15,391,989	69,046,891	55,662,572
Administration:			
32. Compensation	-	-	-
33. Marketing	-	-	-
34. Interest Expense	-	-	-
35. Premium Tax Expense	417,360	1,509,356	1,243,212
36. Occupancy, Depreciation and Amortization	-	-	-
37. Other Administration (Provide detail) **	1,803,767	7,226,093	7,000,799
38. TOTAL ADMINISTRATION (Lines 32 to 37)	2,221,127	8,735,449	8,244,011
39. TOTAL EXPENSES (Lines 31 and 38)	17,613,116	77,782,340	63,906,583
40. Extraordinary Item	-	-	-
41. Provision for Income Tax	34,036	207,221	282,762
42. NET INCOME/(LOSS) (Line 6 less Lines 39, 40 and 41)	66,204	402,249	548,889

-- Other Administration Detail			
Administration Fees *	1,779,632	7,081,234	6,766,574
Unpaid Claims Adjustment Expense - Change in Reserve	(4,692)	41,020	80,885
ASO Admin Fees	-	-	-
Payroll Taxes	-	-	-
Pharmacy Admin Fees	-	-	(238)
Legal Fees	-	-	(10,388)
Accounting Fees	5,250	30,001	28,000
Consulting	510	4,683	5,170
Liability Insurance	18,062	75,481	84,212
Dues, Fees & Subscriptions	-	640	20
Bank Fees	5,005	18,034	19,586
State Tax	-	-	1,978
Abandonment Accrual	-	(25,000)	25,000
Case Mgmt Fees	-		
<b>Total Other Administration</b>	<b>1,803,767</b>	<b>7,226,093</b>	<b>7,000,799</b>

\* Includes Administrative Fees paid to Affiliates

<b>Other Medical and Hospital</b>			
Misc Medical Expense	-	-	-
Case Management fees	47,876	189,848	171,682

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance .....		(291,006)
2.	Net investment income .....	130,412	123,150
3.	Miscellaneous income .....		
4.	Total (Lines 1 through 3) .....	130,412	(167,856)
5.	Benefit and loss related payments .....	45,579	4,619,590
6.	Net transfers to Separate, Segregated Accounts and Protected Cell Accounts .....		
7.	Commissions, expenses paid and aggregate write-ins for deductions .....	(355,032)	(969,655)
8.	Dividends paid to policyholders .....		
9.	Federal and foreign income taxes paid (recovered) \$..... net of tax on capital gains (losses) .....		
10.	Total (Lines 5 through 9) .....	(309,453)	3,649,935
11.	Net cash from operations (Line 4 minus 10) .....	439,865	(3,817,791)
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds .....		1,100,000
12.2	Stocks .....		
12.3	Mortgage loans .....		
12.4	Real estate .....		
12.5	Other invested assets .....		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments .....		
12.7	Miscellaneous proceeds .....		
12.8	Total investment proceeds (Lines 12.1 to 12.7) .....		1,100,000
13.	Cost of investments acquired (long-term only):		
13.1	Bonds .....	1,198,576	1,403,657
13.2	Stocks .....		
13.3	Mortgage loans .....		
13.4	Real estate .....		
13.5	Other invested assets .....		
13.6	Miscellaneous applications .....		
13.7	Total investments acquired (Lines 13.1 to 13.6) .....	1,198,576	1,403,657
14.	Net increase (decrease) in contract loans and premium notes .....		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) .....	(1,198,576)	(303,657)
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes .....		
16.2	Capital and paid in surplus, less treasury stock .....		
16.3	Borrowed funds .....		
16.4	Net deposits on deposit-type contracts and other insurance liabilities .....		
16.5	Dividends to stockholders .....		
16.6	Other cash provided (applied) .....	(230,060)	(265,042)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) .....	(230,060)	(265,042)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	(988,771)	(4,386,490)
19.	Cash, cash equivalents and short-term investments:		
19.1	Beginning of year .....	4,074,910	8,461,400
19.2	End of year (Line 18 plus Line 19.1) .....	3,086,139	4,074,910

Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001	.....		
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## ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

(Gain and Loss Exhibit)

[illegible]



**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 1 - PREMIUMS**

		1	2	3	4
		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
Line of Business					
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....
5.	Federal Employee Health Benefits Plan .....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	N O N E		.....	.....
7.	Title XIX - Medicaid .....			.....	.....
8.	Stop loss .....			.....	.....
9.	Disability income .....			.....	.....
10.	Long-term care .....	.....	.....	.....	.....
11.	Other health .....	.....	.....	.....	.....
12.	Health subtotal (Lines 1 through 11) .....	.....	.....	.....	.....
13.	Life .....	.....	.....	.....	.....
14.	Property/casualty .....	.....	.....	.....	.....
15.	TOTALS (Lines 12 to 14) .....	.....	.....	.....	.....

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2 - Claims Incurred During the Year**

6

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Payments during the year:													
1.1 Direct .....	45,579							45,579					
1.2 Reinsurance assumed .....													
1.3 Reinsurance ceded .....													
1.4 Net .....	45,579							45,579					
2. Paid medical incentive pools and bonuses .....													
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct .....	233,646							233,646					
3.2 Reinsurance assumed .....													
3.3 Reinsurance ceded .....													
3.4 Net .....	233,646							233,646					
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct .....													
4.2 Reinsurance assumed .....													
4.3 Reinsurance ceded .....													
4.4 Net .....													
5. Accrued medical incentive pools and bonuses, current year .....													
6. Net healthcare receivables (a) .....													
7. Amounts recoverable from reinsurers December 31, current year .....													
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct .....	279,225							279,225					
8.2 Reinsurance assumed .....													
8.3 Reinsurance ceded .....													
8.4 Net .....	279,225							279,225					
9. Claim reserve December 31, prior year from Part 2D:													
9.1 Direct .....													
9.2 Reinsurance assumed .....													
9.3 Reinsurance ceded .....													
9.4 Net .....													
10. Accrued medical incentive pools and bonuses, prior year .....													
11. Amounts recoverable from reinsurers December 31, prior year .....													
12. Incurred benefits:													
12.1 Direct .....													
12.2 Reinsurance assumed .....													
12.3 Reinsurance ceded .....													
12.4 Net .....													
13. Incurred medical incentive pools and bonuses .....													

(a) Excludes \$..... loans or advances to providers not yet expensed.

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2A - Claims Liability End of Current Year**

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in Process of Adjustment:													
1.1 Direct .....													
1.2 Reinsurance assumed .....													
1.3 Reinsurance ceded .....													
1.4 Net .....													
2. Incurred but Unreported:													
2.1 Direct .....	233,646							233,646					
2.2 Reinsurance assumed .....													
2.3 Reinsurance ceded .....													
2.4 Net .....	233,646							233,646					
3. Amounts Withheld from Paid Claims and Capitations:													
3.1 Direct .....													
3.2 Reinsurance assumed .....													
3.3 Reinsurance ceded .....													
3.4 Net .....													
4. TOTALS													
4.1 Direct .....	233,646							233,646					
4.2 Reinsurance assumed .....													
4.3 Reinsurance ceded .....													
4.4 Net .....	233,646							233,646					

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE**

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan .....	.....	.....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....	.....	.....
7.	Title XIX - Medicaid .....	45,579	.....	233,646	.....	279,225	279,225
8.	Other health .....	.....	.....	.....	.....	.....	.....
9.	Health subtotal (Lines 1 to 8) .....	45,579	.....	233,646	.....	279,225	279,225
10.	Healthcare receivables (a) .....	.....	.....	.....	.....	.....	.....
11.	Other non-health .....	.....	.....	.....	.....	.....	.....
12.	Medical incentive pool and bonus amounts .....	.....	.....	.....	.....	.....	.....
13.	TOTALS (Lines 9 - 10 + 11 + 12) .....	45,579	.....	233,646	.....	279,225	279,225

(a) Excludes \$..... loans or advances to providers not yet expensed.

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)**

**Grand Total**

**Section A - Paid Health Claims**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....					
2.	2001 .....	16,392	22,879	23,818	28,727	28,773
3.	2002 .....	X X X	31,525	33,138	33,133	33,133
4.	2003 .....	X X X	X X X			
5.	2004 .....	X X X	X X X	X X X		
6.	2005 .....	X X X	X X X	X X X	X X X	

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....					
2.	2001 .....	29,581	29,636	28,701	29,006	29,006
3.	2002 .....	X X X	32,395	33,438	33,132	33,133
4.	2003 .....	X X X	X X X			
5.	2004 .....	X X X	X X X	X X X		
6.	2005 .....	X X X	X X X	X X X	X X X	

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2001 .....	34,895	28,773	1,210	4.205	29,983	85.923	234		30,217	86.594
2.	2002 .....	38,265	33,133	741	2.236	33,874	88.525			33,874	88.525
3.	2003 .....	163									
4.	2004 .....										
5.	2005 .....										

12 Total

12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Hospital and Medical . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Hospital and Medical . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Hospital and Medical . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare . . . .	NONE

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)**

**Title XIX - Medicaid**

**Section A - Paid Health Claims**

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....					
2.	2001 .....	16,392	22,879	23,818	28,727	28,773
3.	2002 .....	X X X	31,525	33,138	33,133	33,133
4.	2003 .....	X X X	X X X			
5.	2004 .....	X X X	X X X	X X X		
6.	2005 .....	X X X	X X X	X X X	X X X	

**Section B - Incurred Health Claims**

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2001	2 2002	3 2003	4 2004	5 2005
1.	Prior .....					
2.	2001 .....	29,581	29,636	28,701	29,006	29,006
3.	2002 .....	X X X	32,395	33,438	33,132	33,133
4.	2003 .....	X X X	X X X			
5.	2004 .....	X X X	X X X	X X X		
6.	2005 .....	X X X	X X X	X X X	X X X	

**Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	2001 .....	34,895	28,773	1,210	4.205	29,983	85.923	234		30,217	86.594
2.	2002 .....	38,265	33,133	741	2.236	33,874	88.525			33,874	88.525
3.	2003 .....	163									
4.	2004 .....										
5.	2005 .....										

**12      Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other ..... NONE**

**12      Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other ..... NONE**

**12      Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other ..... NONE**

**13      Underwriting Invest Exh Pt 2D - A & H Reserve ..... NONE**



**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 3 - ANALYSIS OF EXPENSES**

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$..... for occupancy of own building) .....	58,904	66,587	134,487		259,978
2.	Salaries, wages and other benefits .....	558,885	680,395	3,162,450		4,401,730
3.	Commissions (less \$..... ceded plus \$..... assumed) .....					
4.	Legal fees and expenses .....			69,802		69,802
5.	Certifications and accreditation fees .....			48,592		48,592
6.	Auditing, actuarial and other consulting services .....			275,384		275,384
7.	Traveling expenses .....			107,355		107,355
8.	Marketing and advertising .....			34,504		34,504
9.	Postage, express and telephone .....		45,857	403,897		449,754
10.	Printing and office supplies .....			230,957		230,957
11.	Occupancy, depreciation and amortization .....					
12.	Equipment .....			270,466		270,466
13.	Cost or depreciation of EDP equipment and software .....	59,479	19,826	347,510		426,815
14.	Outsourced services including EDP, claims, and other services .....		85,048			85,048
15.	Boards, bureaus and association fees .....			15,502		15,502
16.	Insurance, except on real estate .....			107,849		107,849
17.	Collection and bank service charges .....			19,957		19,957
18.	Group service and administration fees .....					
19.	Reimbursements by uninsured accident and health plans .....	(958,476)	(946,725)	(5,976,179)		(7,881,380)
20.	Reimbursements from fiscal intermediaries .....					
21.	Real estate expenses .....					
22.	Real estate taxes .....					
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes .....					
23.2	State premium taxes .....					
23.3	Regulator authority licenses and fees .....			6,552		6,552
23.4	Payroll taxes .....	41,546	52,064	197,425		291,035
23.5	Other (excluding federal income and real estate taxes) .....			92,916		92,916
24.	Investment expenses not included elsewhere .....					
25.	Aggregate write-ins for expenses .....	24,772	51,151	170,821		246,744
26.	Total expenses incurred (Lines 1 to 25) .....	(214,890)	54,203	(279,753)		(a) (440,440)
27.	Less expenses unpaid December 31, current year .....		397,648	41,626		439,274
28.	Add expenses unpaid December 31, prior year .....		356,628	48,680		405,308
29.	Amounts receivable relating to uninsured accident and health plans, prior year .....	45,789		54,566		100,355
30.	Amounts receivable relating to uninsured accident and health plans, current year .....	47,875		33,525		81,400
31.	Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) .....	(212,804)	13,183	(293,740)		(493,361)
<b>DETAILS OF WRITE-INS</b>						
2501.	Claims Adjustment Expense .....		41,020			41,020
2502.	Recruiting .....			26,963		26,963
2503.	Temporary Help .....	24,772	10,131	80,517		115,420
2598.	Summary of remaining write-ins for Line 25 from overflow page .....			63,341		63,341
2599.	Totals (Lines 2501 through 2503 + 2598)(Line 25 above) .....	24,772	51,151	170,821		246,744

(a) Includes management fees of \$.....7,271,082 to affiliates and \$..... to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds .....	(a)..... 32,641	..... 46,460
1.1	Bonds exempt from U.S. tax .....	(a).....	.....
1.2	Other bonds (unaffiliated) .....	(a).....	.....
1.3	Bonds of affiliates .....	(a).....	.....
2.1	Preferred stocks (unaffiliated) .....	(b).....	.....
2.11	Preferred stocks of affiliates .....	(b).....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans .....	(c).....	.....
4.	Real estate .....	(d).....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	(e)..... 135,919	..... 137,205
7.	Derivative instruments .....	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....	.....
10.	Total gross investment income .....	..... 168,560	..... 183,665
11.	Investment expenses .....	(g).....	
12.	Investment taxes, licenses and fees, excluding federal income taxes .....	(g).....	
13.	Interest expense .....	(h).....	
14.	Depreciation on real estate and other invested assets .....	(i).....	
15.	Aggregate write-ins for deductions from investment income .....	..... 39,634	
16.	Total deductions (Lines 11 through 15) .....	..... 39,634	
17.	Net Investment income (Line 10 minus Line 16) .....	..... 144,031	
DETAILS OF WRITE-INS			
0901	.....	.....	.....
0902	.....	.....	.....
0903	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....
1501.	Interest earned on ASO reimbursements forwarded to TennCare .....	..... 39,634	
1502	.....	.....	
1503	.....	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page .....	.....	
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....	..... 39,634	
(a) Includes \$..... accrual of discount less \$.....1,484 amortization of premium and less \$..... paid for accrued interest on purchases.			
(b) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued dividends on purchases.			
(c) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.			
(d) Includes \$..... for company's occupancy of its own buildings; and excludes \$..... interest on encumbrances.			
(e) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.			
(f) Includes \$..... accrual of discount less \$..... amortization of premium.			
(g) Includes \$..... investment expenses and \$..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$..... interest on surplus notes and \$..... interest on capital notes.			
(i) Includes \$..... depreciation on real estate and \$..... depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Total
1.	U.S. Government bonds .....	.....	.....	.....	.....
1.1	Bonds exempt from U.S. tax .....	.....	.....	.....	.....
1.2	Other bonds (unaffiliated) .....	.....	.....	.....	.....
1.3	Bonds of affiliates .....	.....	.....	.....	.....
2.1	Preferred stocks (unaffiliated) .....	.....	.....	.....	.....
2.11	Preferred stocks of affiliates .....	.....	.....	.....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....	.....	.....
3.	Mortgage loans .....	.....	.....	.....	.....
4.	Real estate .....	.....	.....	.....	.....
5.	Contract loans .....	.....	.....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	.....	.....	.....	.....
7.	Derivative instruments .....	.....	.....	.....	.....
8.	Other invested assets .....	.....	.....	.....	.....
9.	Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....
10.	Total capital gains (losses) .....	.....	.....	.....	.....
DETAILS OF WRITE-INS					
0901	.....	.....	.....	.....	.....
0902	.....	.....	.....	.....	.....
0903	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....	.....	.....

NONE

**EXHIBIT OF NONADMITTED ASSETS**

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D) .....			
2.	Stocks (Schedule D):			
2.1	Preferred stocks .....			
2.2	Common stocks .....			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens .....			
3.2	Other than first liens .....			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company .....			
4.2	Properties occupied for the production of income .....			
4.3	Properties held for sale .....			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA) .....			
6.	Contract loans .....			
7.	Other invested assets (Schedule BA) .....			
8.	Receivables for securities .....			
9.	Aggregate write-ins for invested assets .....			
10.	Subtotals, cash and invested assets (Lines 1 to 9) .....			
11.	Title plants (for Title insurers only) .....			
12.	Invested income due and accrued .....			
13.	Premium and considerations:			
13.1	Uncollected premiums and agents' balances in the course of collection .....			
13.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due .....			
13.3	Accrued retrospective premiums .....			
14.	Reinsurance:			
14.1	Amounts recoverable from reinsurers .....			
14.2	Funds held by or deposited with reinsured companies .....			
14.3	Other amounts receivable under reinsurance contracts .....			
15.	Amounts receivable relating to uninsured plans .....			
16.1	Current federal and foreign income tax recoverable and interest thereon .....			
16.2	Net deferred tax asset .....			
17.	Guaranty funds receivable or on deposit .....			
18.	Electronic data processing equipment and software .....			
19.	Furniture and equipment, including health care delivery assets .....			
20.	Net adjustment in assets and liabilities due to foreign exchange rates .....			
21.	Receivable from parent, subsidiaries and affiliates .....			
22.	Health care and other amounts receivable .....			
23.	Aggregate write-ins for other than invested assets .....	14,722	16,470	1,748
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) .....	14,722	16,470	1,748
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			
26.	Total (Lines 24 and 25) .....	14,722	16,470	1,748
<b>DETAILS OF WRITE-INS</b>				
0901	.....			
0902	.....			
0903	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page .....			
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above) .....			
2301.	Prepaid Expenses .....	14,722	16,470	1,748
2302	.....			
2303	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page .....			
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	14,722	16,470	1,748

**17     Exhibit 1 - Enrollment By Product Type ..... NONE**

**18     Exhibit 2 - Accident and Health Premiums ..... NONE**

**19     Exhibit 3 - Health Care Receivables ..... NONE**

**EXHIBIT 4 - CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)**  
Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
0299999 Aggregate Accounts Not Individually Listed - Uncovered .....	.....	.....	.....	.....	.....	.....
0399999 Aggregate Accounts Not Individually Listed - Covered .....	.....	.....	.....	.....	.....	.....
0499999 Subtotals .....	.....	.....	.....	.....	.....	.....
0599999 Unreported claims and other claim reserves .....						233,646
0699999 Total Amounts Withheld .....						.....
0799999 Total Claims Unpaid .....						233,646
0899999 Accrued Medical Incentive Pool and Bonus Amounts .....						.....

**EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES**

1 Name of Affiliate	2	3	4	5	6	Admitted	
	1 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days	Nonadmitted	7 Current	8 Non-Current
	<div>NONE</div>						
0399999 Total gross amounts receivable .....	.....	.....	.....	.....	.....	.....	.....

**EXHIBIT 6 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES**

1 Affiliate	2 Description	3 Amount	4 Current	5 Non-Current
<b>Individually listed payables</b>				
Three Rivers Holdings, Inc. ....	Tax Sharing Accrual .....	134,283	134,283	
Unison Administrative Services, LLC. ....	Administrative Fees .....	31,846	31,846	
0199999 Total - Individually listed payables .....	X X X .....	166,129	166,129	
0299999 Payables not individually listed .....	X X X .....			
0399999 Total gross payables .....	X X X .....	166,129	166,129	

**EXHIBIT 7 - PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS**

	1	2	3	4	5	6
Payment Method	Direct Medical Expense Payment	Column 1 as a % of Total	Total Members Covered	Column 3 as a % of Total	Column 1 Expenses Paid to Affiliated Providers	Column 1 Expenses Paid to Non-Affiliated Providers
<b>Capitation Payments:</b>						
1. Medical groups .....						
2. Intermediaries .....						
3. All other providers .....						
4. Total capitation payments .....						
<b>Other Payments:</b>						
5. Fee-for-service .....			X X X	X X X		
6. Contractual fee payments .....	45,579	100.000	X X X	X X X		45,579
7. Bonus/withhold arrangements - fee-for-service .....			X X X	X X X		
8. Bonus/withhold arrangements - contractual fee payments .....			X X X	X X X		
9. Non-contingent salaries .....			X X X	X X X		
10. Aggregate cost arrangements .....			X X X	X X X		
11. All other payments .....			X X X	X X X		
12. Total other payments .....	45,579	100.000	X X X	X X X		45,579
13. Total (Line 4 plus Line 12) .....	45,579	100.000	X X X	X X X		45,579

**EXHIBIT 7 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES**

1	2	3	4	5	6
NAIC Code	Name of Intermediary	Capitation Paid	Average Monthly Capitation	Intermediary's Total Adjusted Capital	Intermediary's Authorized Control Level RBC
NONE					
9999999 .....			X X X	X X X	X X X



**EXHIBIT 8 - FURNITURE, EQUIPMENT AND SUPPLIES OWNED**

		1	2	3	4	5	6
Description		Cost	Improvements	Accumulated Depreciation	Book Value Less Encumbrances	Assets Not Admitted	Net Admitted Assets
1.	Administrative furniture and equipment .....	.....	.....	.....	.....	.....	.....
2.	Medical furniture, equipment and fixtures .....	<b>N O N E</b>		.....	.....	.....	.....
3.	Pharmaceuticals and surgical supplies .....			.....	.....	.....	.....
4.	Durable medical equipment .....			.....	.....	.....	.....
5.	Other property and equipment .....			.....	.....	.....	.....
6.	Total .....	.....	.....	.....	.....	.....	.....

## Notes to Financial Statement

### 1. Summary of Significant Accounting Policies:

- A. The accompanying statement has been prepared in conformity with the NAIC *Accounting Practices and Procedures manual* as required by the State of Tennessee, except where NAIC statutory accounting practices and procedures do not address the accounting for the transaction.
- (1) Unison Health Plan of Tennessee, Inc.'s (the Company's) sole shareholder, Three Rivers Holdings, Inc. (Holdings), has made an election to be treated as an S corporation for federal and state income tax purposes and it has made an election to treat the Company as a qualified subchapter S subsidiary for federal income tax purposes. As a result of the QSST election, the Company is treated as a division of Holdings for income tax purposes and the results of its operations are included in the Holdings' income tax returns. Pursuant to a Tax Allocation Agreement with Holdings, the Company is required to reimburse Holdings for income tax liability Holdings' shareholders incur with respect to the Company's operations. The amount reimbursed is calculated to equal the federal income tax that the Company would have paid if it were a C corporation filing separate income tax returns. NAIC statutory accounting practices and procedures do not address the accounting for this type of transaction. Pursuant to correspondence received from the State of Tennessee, Department of Commerce and Insurance, TennCare Division, dated April 17, 2003, the Company has been granted permission to report shareholder reimbursement of taxes as Provision for Federal Income Taxes on the Statement of Revenue and Expenses (page 4), line 31 of the accompanying financial statements for 2002 and succeeding years. All such reimbursements made or accrued have been reported in accordance with this ruling. The amount reported on line 31 is \$207,221. There is no monetary effect on statutory surplus resulting from this transaction, as these amounts would otherwise be a write-in reduction to surplus.
- (2) Supplemental Report #2A, TennCare Operations Statement of Revenue and Expenses, which is filed separately from the bound annual statement, has been prepared in accordance with instructions from TennCare. These instructions differ from statutory accounting practices in that income and expenses related to claims, losses, premiums, and other amounts received or paid on behalf of the ASO operations are treated as expenses and revenues of the Company. There is no monetary effect on statutory surplus resulting from this departure from statutory accounting practices. The Statement of Revenue and Expenses included in this statement was prepared according to the Statement of Statutory Accounting Principles (SSAP) No. 47 Uninsured Plans, which excludes all income and expenses related to claims, losses, premiums, and other amounts received or paid on behalf of ASO plans. Amounts received from TennCare to administer the ASO plan are reported as a reduction to administrative expenses.
- B. The preparation of financial statements in conformity with the Annual Statement Instructions and *Accounting Practices and Procedures manual* requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- C. Effective July 1, 2002, the Company entered into an Administrative Services agreement with the State of Tennessee TennCare Bureau. Under this agreement, the Company processes and pays claims and performs other managed care services and is reimbursed by TennCare. The Company receives an administrative fee for this service.

The Company contracts with various health care providers for the provision of certain medical care services to its members. The Company compensates those providers on a capitation or unit of service basis. These contracts have been maintained under the ASO agreement with TennCare; however, the Company is no longer at risk for medical expenses incurred on or after July 1, 2002.

Administrative fees paid to Unison Administrative Services, LLC (UAS) are allocated to each expense line pro rata based on the expenses incurred by UAS. Expenses incurred by UAS, which are not directly attributable to a specific HMO, are allocated to its contracted HMOs based on relevant factors which management has determined are valid bases for allocations. Examples are: call volume, claims volume, member months

The following accounting policies materially affect the assets, liabilities, capital and surplus or results of operations:

- (1) The Company has no short term investments.
- (2) The Company reports bonds at amortized cost using the scientific (constant yield) method.
- (3) The Company has no investments in common stock.
- (4) The Company has no investments in preferred stock.
- (5) The Company has no investments in mortgage loans.
- (6) The Company has no investments in loan-backed securities.
- (7) The Company has no investments in subsidiaries, controlled or affiliated companies.
- (8) The Company has no investments in joint ventures, partnerships or limited liability companies.
- (9) The Company has no investments in derivatives.
- (10) The Company has no premium deficiency reserves.
- (11) The Company has recorded a liability for claims and claims adjustment expenses, which are expected to be paid after the end of the reporting period for services provided to members through June 30, 2002. These liabilities are based on historical data, current membership and health service utilization statistics, and other related information. As estimates are used in establishing these liabilities, the ultimate amounts may be in excess or less than the amounts reported on this

## Notes to Financial Statement

statement. These accruals are continually monitored and reviewed and, as settlements are made or accruals adjusted, differences are reflected in current operations. The liability recorded for claims adjustment expense includes an estimate for the administrative expense to process incurred but not reported claims under the ASO arrangement with TennCare.

In accordance with SSAP 47, the Company's statement of operations excludes amounts received or paid on behalf of TennCare. No liability for claims has been established for periods after June 30, 2002, as the Company is not at risk for medical expenses under the ASO arrangement with TennCare.

(12) The Company has not modified its capitalization policy from the prior period.

(13) The Company has no pharmaceutical rebates.

2. Accounting Changes and Corrections of Errors:
  - A. The Company had no accounting changes or corrections of errors.
3. Business Combinations and Goodwill:
  - A. The Company has no business combinations or goodwill to report.
4. Discontinued Operations:
  - A. The Company has no discontinued operations to report.
5. Investments:
  - A. The Company has no investments in Mortgage Loans.
  - B. The Company has no investments in Debt Restructuring.
  - C. The Company has no investments in Reverse Mortgages.
  - D. The Company has no investments in Loan-Backed Securities.
  - E. The Company has no investments in Repurchase Agreements.
  - F. The Company has no investments in Real Estate.
6. Joint Ventures, Partnerships and Limited Liability Companies:
  - A. The Company has no Investments in Joint Ventures, Partnerships or Limited Liability Companies.
7. Investment Income:
  - A. Investment income due and accrued with amounts over 90 days past due are non-admitted. At December 31, 2005, no investment income was non-admitted.
8. Derivative Instruments:
  - A. The Company has no investments in Derivative Instruments.
9. Income Taxes:
  - A. The Company has recorded no deferred income tax asset (DTA) or deferred tax liability (DTL). Holdings, the Company's sole shareholder, has made an election to be treated as an S corporation for federal and state income tax purposes and it has made an election to treat the Company as a qualified subchapter S subsidiary for federal income tax purposes. As a result of the QSST election, the Company is treated as a division of Holdings for income tax purposes and the results of its operations are included in the Holdings' income tax returns. SSAP 10 does not address QSST's. See note 1.A.(1) for the description of the tax allocation agreement and our treatment of such.
10. Information Concerning Parent, Subsidiaries and Affiliates:
  - A. B. C. & D.:
    - (1) The Company was incorporated on August 9, 2000 and all stock is owned by Holdings. Holdings is a corporation organized pursuant to the laws of the State of Delaware. The Company is capitalized with \$.0001 million in common stock and \$2.9894 million of additional paid-in-capital.
    - (2) At December 31, 2005, the Company reported the following amounts payable:
      - (a) \$31,846 owed to UAS for amounts due under the Health Plan Operations Outsourcing Agreement. Payment is made monthly. Total expense incurred under this agreement for 2005 is \$7,271,082.
      - (b) \$134,283 due to Holdings, for amounts due under the tax allocation agreement. Payment is made quarterly. Total expense incurred under this agreement for 2005 is \$207,221.
  - E. The Company has no guarantees or undertakings for the benefit of an affiliated or related party.
  - F. The Company has the following related party agreements:
    - (1) Effective August 1, 2000, the Company entered into an Administrative Services Agreement with UAS, a limited liability company 100% owned by Holdings. Under the agreement, UAS performs all administrative services necessary for the Company to carry on its HMO business in return for a pmpm fee. The agreement with UAS ends June 30, 2002 with automatic renewals for successive one-year terms thereafter, unless either party to the agreement gives notice of termination. Effective July 1, 2002, the State of Tennessee modified the TennCare program to change it to an ASO program during the period July 1, 2002 to December 31, 2003 (Stabilization Period). This stabilization period has been extended until at least December 31, 2006. As a result of the modifications to the TennCare program, the Administrative Services Agreement with UAS was modified so that the fee payable to UAS is equal to 95 per cent of the ASO fees (fixed and

## Notes to Financial Statement

contingent) earned by the Company under the TennCare program during the stabilization period. At the end of the stabilization period the original terms of the agreement will be reinstated.

- (2) The Company has entered into a tax allocation agreement with its parent, Holdings. See note 1.A.(1) and note 9.A. for details regarding this agreement.
- G. All outstanding shares of the Company are owned by Holdings, a Delaware corporation. The Company is affiliated through common ownership with the following companies that are also wholly owned constituents of that insurance holding company system: Unison Health Plan of Pennsylvania, Inc. and Unison Family Health Plan of Pennsylvania, Inc., each of which are Pennsylvania domiciled HMOs, Unison Health Holdings of Ohio, Inc., Unison Health Plan of Ohio, Inc., an Ohio domiciled Health Insuring Corporation, Unison Health Plan of South Carolina, a South Carolina domiciled HMO, and Unison Administrative Services, LLC.
- H. The Company has no upstream intermediate entity or ultimate parent owned via a downstream subsidiary, controlled, or affiliated entity.
- I., J. & K. The Company has no investments in an SCA.
11. Debt:
  - A. The Company has issued no capital notes or other debt instruments.
12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans:
  - A. The Company does not have any Defined Benefit Plans.
  - B. The Company does not have any Defined Contribution Plans.
  - C. The Company has no Multiemployer Plans
  - D. The Company has no employees and therefore has no retirement plans. All administrative services are performed by UAS, which has a 401(k) Plan for its employees. Employees may contribute up to 15% of their gross pay. UAS matches twenty five percent (25%) up to the first four percent (4%) of the employee's contributions. Vesting is immediate.
  - E. The Company has no Postemployment Benefits and Compensated Absences.
13. Capital and Surplus, Shareholder's Dividend Restrictions and Quasi-Reorganizations:
  - (1) The Company has 2,000 common shares authorized, with 100 issued and outstanding
  - (2) The Company has no preferred stock authorized or issued.
  - (3) Under the laws of the State of Tennessee, all dividends and other distributions to shareholders must be reported to the Commissioner of Commerce and Insurance within five (5) days following the declaration thereof and at least ten (10) days prior to payment. An extraordinary dividend is one which exceeds the greater of ten (10) per cent of the Company's surplus as of December 31 next preceding or the net income for the twelve month period ending December 31 next preceding. Extraordinary dividends must be approved in advance by the commissioner.
  - (4) Within the limitations of (3) above, there are no restrictions on the portion of the Company's profits that may be paid as ordinary dividends to the shareholder.
  - (5) The Company has no restrictions on unassigned surplus.
  - (6) The Company has no advances to surplus.
  - (7) The Company has no stock held for special purposes.
  - (8) The Company has no special surplus funds.
  - (9) The Company has no unrealized gains or losses.
  - (10) The Company has no surplus debentures or similar obligations.
  - (11) & (12) The Company has had no quasi-reorganizations.
14. Contingencies:
  - A. The Company has no Contingent Commitments
  - B. The Company has no reportable assessments.
  - C. The Company has no gain contingencies.
  - D. All Other Contingencies
    - (1) The Company is insured with respect to malpractice and other professional liabilities as to the individuals who conduct our managed care activities, i.e. utilization management, peer review, etc. That insurance coverage is a claims-made managed care errors and omissions policy covering the Company and those individuals for incidents as long as the Company maintains current coverage. To date, no malpractice or other professional liability actions were filed against the Company. Accordingly, no reserves are recorded in the accompanying statements of admitted assets, liabilities and net worth.
    - (2) In the normal course of business, third parties assert claims against the Company pertaining to various aspects of its operations. As of December 31, 2005, the only such claims asserted arose from medical service providers seeking additional reimbursement for services rendered to the Company's enrolled members. Management believes the amounts accrued for medical expenses are adequate to cover any such claims. These claims are not expected to have a material financial impact on the Company's financial condition or the results of its operations.
15. Leases:
  - A. The Company has no lessee arrangements.

Notes to Financial Statement

- B. The Company has no lessor business activities.
16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk:
- A. The Company has no financial instruments with off-balance-sheet risk and none with concentrations of credit risk.
17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities:
- A. The Company has no transfers of receivables reported as sales.
- B. The Company has no transfers and servicing of Financial Assets.
- C. The Company has no wash sales.
18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans:
- A. The gain from operations from the Company’s ASO uninsured plan is as follows:

	ASO Uninsured Plans
a. Net reimbursement for administrative expenses in excess (deficit) of actual expenses	\$ 465,440
b. Total net other income or expenses	\$ -
c. Net gain or loss from operations (net of tax)	\$ 258,219
d. Total claim payment volume	\$ 67,855,821

- B. The Company has no ASC plans.
- C. The Company has no Medicare or similarly cost based reimbursement contracts.
19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators:
- A. The Company does not use Managing General Agents or Third Party Administrators.
20. September 11 Events:
- A. The Company has no losses or contingencies as a result of the September 11, 2001 events.
21. Other Items:
- A. The Company has no Extraordinary Items to report.
- B. The Company has no Debt Restructuring.
- C. The Company has no unusual items to report.
- D. The company has no uncollectible assets to report.
- E. The Company has no business interruption insurance recoveries to report.
- F. The Company has no retirement plans.
22. Events Subsequent:
- A. The Company has no subsequent events to report.
23. Reinsurance
- A. Ceded Reinsurance Report:
- Section 1 – General Interrogatories
- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?
- Yes ( ) No (X)
- If yes, give full details.
- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?
- Yes ( ) No (X)
- If yes, give full details.
- Section 2 – Ceded Reinsurance Report – Part A
- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?
- Yes ( ) No (X )
- a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not

## Notes to Financial Statement

presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate

\$ none.

b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability for these agreements in this statement?

\$ none.

(2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes ( ) No (X)

If yes, give full details.

### Section 3 – Ceded Reinsurance Report – Part B

(1) What in the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of payment or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate.

\$ none

(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes ( ) No (X)

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments?

\$ NA

- B. The Company has no uncollectible reinsurance that was written off.
- C. The Company has no commutation of reinsurance.

24. Retrospectively Rated Contracts:

- A. The Company has no retrospectively rated contracts.

25. Changes in Incurred Claims and Claims Adjustment Expense:

- A. The Company has not made any changes in the provision for incurred claim and claim adjustment expenses attributable to insured events of prior years during 2005.

26. Intercompany Pooling Arrangements:

- A. The company has no Intercompany Pooling Arrangements.

27. Structured Settlements (not applicable)

28. Health Care Receivables:

- A. Pharmaceutical Rebate Receivables:

(1) As the company is operating as an ASO, no pharmacy rebates have been estimated since June 30, 2002. Rebates will be reported on a cash basis as received and forwarded to TennCare. The second previous quarter and prior quarters are reported based on reports from our pharmacy benefit manager (PBM) listing rebates invoiced. The Company generally receives a notice from the PBM in the fourth month following the end of each quarter, listing the rebate amounts billed by manufacturer. Received amounts listed below are calculated based on the date the PBM notified the Company of the invoiced rebates. The amounts listed below include payments received on behalf of TennCare under the ASO arrangement. No pharmacy rebate receivable balance is reported on the financial statements as no amounts are receivable prior to the ASO arrangement and all ASO activity is reported on a cash basis, including the amounts listed as invoiced/confirmed in the chart below for the quarters ending after June 30, 2002. Furthermore, effective July 1, 2003, pharmacy administration was carved out of the ASO arrangement with TennCare, therefore, the Company no longer collects rebates on behalf of the TennCare program for periods after that date.

Notes to Financial Statement

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements (Original Estimate)	Pharmacy Rebates as Invoiced/ Confirmed	Actual Rebates Collected Within 90 Days of receiving Invoice	Actual Rebates Collected Within 91 to 180 Days of receiving Invoice	Actual Rebates Collected More Than 180 Days After receiving Invoice
6/30/03	0	135,543	0	87,889	47,654
3/31/03	0	131,563	0	112,027	19,536

B. The Company has no Risk Sharing Receivables.

29. Participating Policies:

A. The Company has no Participating Policies

30. Premium Deficiency Reserves:

A. The Company has no Premium Deficiency Reserves.

31. Anticipated Salvage and Subrogation

A. The Company has no anticipated salvage and subrogation.

**SUMMARY INVESTMENT SCHEDULE**

Investment Categories		Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
		1 Amount	2 Percentage	3 Amount	4 Percentage
1.	Bonds:				
1.1	U.S. treasury securities .....	2,599,920	45.724	2,599,920	45.724
1.2	U.S. government agency obligations (excluding mortgage-backed securities):				
1.21	Issued by U.S. government agencies .....				
1.22	Issued by U.S. government sponsored agencies .....				
1.3	Foreign government (including Canada, excluding mortgage-backed securities) .....				
1.4	Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41	States, territories and possessions general obligations .....				
1.42	Political subdivisions of states, territories and possessions and political subdivisions general obligations .....				
1.43	Revenue and assessment obligations .....				
1.44	Industrial development and similar obligations .....				
1.5	Mortgage-backed securities (includes residential and commercial MBS):				
1.51	Pass-through securities:				
1.511	Issued or Guaranteed by GNMA .....				
1.512	Issued or Guaranteed by FNMA and FHLMC .....				
1.513	All other .....				
1.52	CMOs and REMICs:				
1.521	Issued or guaranteed by GNMA, FNMA, FHLMC or VA .....				
1.522	Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521 .....				
1.523	All other .....				
2.	Other debt and other fixed income securities (excluding short term):				
2.1	Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....				
2.2	Unaffiliated foreign securities .....				
2.3	Affiliated securities .....				
3.	Equity interests:				
3.1	Investments in mutual funds .....				
3.2	Preferred stocks:				
3.21	Affiliated .....				
3.22	Unaffiliated .....				
3.3	Publicly traded equity securities (excluding preferred stocks):				
3.31	Affiliated .....				
3.32	Unaffiliated .....				
3.4	Other equity securities:				
3.41	Affiliated .....				
3.42	Unaffiliated .....				
3.5	Other equity interests including tangible personal property under lease:				
3.51	Affiliated .....				
3.52	Unaffiliated .....				
4.	Mortgage loans:				
4.1	Construction and land development .....				
4.2	Agricultural .....				
4.3	Single family residential properties .....				
4.4	Multifamily residential properties .....				
4.5	Commercial loans .....				
4.6	Mezzanine real estate loans .....				
5.	Real estate investments:				
5.1	Property occupied by company .....				
5.2	Property held for production of income (including \$..... of property acquired in satisfaction of debt) .....				
5.3	Property held for sale (including \$..... property acquired in satisfaction of debt) .....				
6.	Contract loans .....				
7.	Receivables for securities .....				
8.	Cash, cash equivalents and short-term investments .....	3,086,139	54.276	3,086,139	54.276
9.	Other invested assets .....				
10.	Total invested assets .....	5,686,059	100.000	5,686,059	100.000



**GENERAL INTERROGATORIES**  
**PART 1 - COMMON INTERROGATORIES**  
**GENERAL**

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[ ]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[ ] N/A[ ]  
Tennessee
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[X] No[ ]
- 2.2 If yes, date of change:  
If not previously filed, furnish herewith a certified copy of the instrument as amended.

09/01/2005
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

08/12/2005
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2003
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

09/28/2004
- 3.4 By what department or departments?  
Tennessee Department of Commerce and Insurance
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[ ] No[X]
- 4.12 renewals?

Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[ ] No[X]
- 4.22 renewals?

Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement)

Yes[ ] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[ ] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[ ] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[ ] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC
		.. Yes[ ] No[X] .	.. Yes[ ] No[X] .	.. Yes[ ] No[X] .	.. Yes[ ] No[X] .	.. Yes[ ] No[X] .

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
Ernst & Young, LLP., 2100 One PPG Place, Pittsburgh, PA 15222
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Barbara V. Scheil, FSA, MAAA, Consulting Actuary, Barbara V. Scheil and Associates, Ltd., 11462 Rockville Rd. PO Box 249, Rockville, Virginia 23146
- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes[ ] No[X]
- 11.11 Name of real estate holding company
- 11.12 Number of parcels involved
- 11.13 Total book/adjusted carrying value

\$
- 11.2 If yes, provide explanation
12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[ ] No[ ] N/A[X]
- 12.3 Have there been any changes made to any of the trust indentures during the year?

Yes[ ] No[ ] N/A[X]
- 12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes[ ] No[ ] N/A[X]

**GENERAL INTERROGATORIES (Continued)**  
**BOARD OF DIRECTORS**

13. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes☒ No☐
14. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes☒ No☐
15. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes☒ No☐

**FINANCIAL**

- 16.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

16.11 To directors or other officers

16.12 To stockholders not officers

16.13 Trustees, supreme or grand (Fraternal only)

\$ .....  
\$ .....  
\$ .....
- 16.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

16.21 To directors or other officers

16.22 To stockholders not officers

16.23 Trustees, supreme or grand (Fraternal only)

\$ .....  
\$ .....  
\$ .....
- 17.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes☐ No☒
- 17.2 If yes, state the amount thereof at December 31 of the current year:

17.21 Rented from others

17.22 Borrowed from others

17.23 Leased from others

17.24 Other

\$ .....  
\$ .....  
\$ .....  
\$ .....
- 18.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes☐ No☒
- 18.2 If answer is yes:

18.21 Amount paid as losses or risk adjustment

18.22 Amount paid as expenses

18.23 Other amounts paid

\$ .....  
\$ .....  
\$ .....
- 19.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes☐ No☒
- 19.2 If yes, indicate any amounts receivable from parent included in the page 2 amount:

\$ .....

**INVESTMENT**

- 20.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits?

Yes☒ No☐
- 20.2 If no, give full and complete information, relating thereto:
- 21.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1).

Yes☐ No☒
- 21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Loaned to others

21.22 Subject to repurchase agreements

21.23 Subject to reverse repurchase agreements

21.24 Subject to dollar repurchase agreements

21.25 Subject to reverse dollar repurchase agreements

21.26 Pledged as collateral

21.27 Placed under option agreements

21.28 Letter stock or securities restricted as to sale

21.29 Other

\$ .....  
\$ .....  
\$ .....  
\$ .....  
\$ .....  
\$ .....  
\$ .....  
\$ .....  
\$ .....
- 21.3 For category (21.28) provide the following:
- | 1                     | 2           | 3      |
|-----------------------|-------------|--------|
| Nature of Restriction | Description | Amount |
| .....                 | .....       | .....  |
- 22.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes☐ No☒
- 22.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement.

Yes☐ No☐ N/A☒
- 23.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes☐ No☒
- 23.2 If yes, state the amount thereof at December 31 of the current year.

\$ .....
24. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?

Yes☒ No☐
- 24.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:
- | 1   | 2                   |
|---|---------------------|
| Name of Custodian(s)                            | Custodian's Address |
| First Tennessee Bank National Association ..... | Memphis, TN .....   |
| .....   | .....               |
- 24.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:
- | 1       | 2           | 3                       |
|---------|-------------|-------------------------|
| Name(s) | Location(s) | Complete Explanation(s) |
| .....   | .....       | .....                   |
- 27.1

**GENERAL INTERROGATORIES (Continued)**

24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year?

24.04 If yes, give full and complete information relating thereto:

Yes[ ] No[X]

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason
.....	.....	.....	.....

24.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository Number(s)	Name	Address
.....	.....	.....

25.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])?

25.2 If yes, complete the following schedule:

Yes[ ] No[X]

1	2	3
CUSIP #	Name of Mutual Fund	Book/Adjusted Carrying Value
25.2999 Total .....	.....	.....

25.3 For each mutual fund listed in the table above, complete the following schedule:

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
.....	.....	.....	.....

26. Provide the following information for all short term and long term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
26.1 Bonds .....	2,599,920	2,576,625	(23,295)
26.2 Preferred stocks .....	.....	.....	.....
26.3 Totals .....	2,599,920	2,576,625	(23,295)

26.4 Describe the sources of methods utilized in determining the fair values  
The rate used to determine fair value was obtained from First Tennessee Capital Markets. All Bonds held are US Treasury Notes.

27.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

27.2 If no, list exceptions:

Yes[X] No[ ]

**OTHER**

28.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?

28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

\$ .....

1	2
Name	Amount Paid
.....	.....

29.1 Amount of payments for legal expenses, if any?

29.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

\$ .....

1	2
Name	Amount Paid
.....	.....

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any?

30.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

\$ .....

**GENERAL INTERROGATORIES (Continued)**

1 Name	2 Amount Paid
.....	.....

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[ ] No[X]
- 1.2 If yes, indicate premium earned on U.S. business only:

\$ .....
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ .....
- 1.31 Reason for excluding:

\$ .....
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ .....
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ .....
- 1.6 Individual policies - Most current three years:

\$ .....
- 1.61 Total premium earned

\$ .....
- 1.62 Total incurred claims

\$ .....
- 1.63 Number of covered lives

\$ .....
- All years prior to most current three years:

\$ .....
- 1.64 Total premium earned

\$ .....
- 1.65 Total incurred claims

\$ .....
- 1.66 Number of covered lives

\$ .....
- 1.7 Group policies - Most current three years:

\$ .....
- 1.71 Total premium earned

\$ .....
- 1.72 Total incurred claims

\$ .....
- 1.73 Number of covered lives

\$ .....
- All years prior to most current three years:

\$ .....
- 1.74 Total premium earned

\$ .....
- 1.75 Total incurred claims

\$ .....
- 1.76 Number of covered lives

\$ .....

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator .....	.....	.....
2.2	Premium Denominator .....	.....	.....
2.3	Premium Ratio (2.1 / 2.2) .....	.....	.....
2.4	Reserve Numerator .....	233,646	279,225
2.5	Reserve Denominator .....	233,646	279,225
2.6	Reserve Ratio (2.4 / 2.5) .....	1.000	1.000

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[ ] No[X]
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency?

Yes[X] No[ ]
- 4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[ ] No[X]
- 5.1 Does the reporting entity have stop-loss reinsurance?

Yes[ ] No[X]
- 5.2 If no, explain:
- 5.3 Maximum retained risk (see instructions):

\$ .....
- 5.31 Comprehensive Medical

\$ .....
- 5.32 Medical Only

\$ .....
- 5.33 Medicare Supplement

\$ .....
- 5.34 Dental

\$ .....
- 5.35 Other Limited Benefit Plan

\$ .....
- 5.36 Other

\$ .....
6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

Hold harmless agreements are included in all provider contracts
- 7.1 Does the reporting entity set up its claim liability for provider services on a service data base?

Yes[X] No[ ]
- 7.2 If no, give details:
8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year

..... 1,599
- 8.2 Number of providers at end of reporting year

..... 1,771
- 9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[ ] No[X]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months

..... 0
- 9.22 Business with rate guarantees over 36 months

..... 0
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[ ] No[X]
- 10.2 If yes:

\$ .....
- 10.21 Maximum amount payable bonuses

\$ .....
- 10.22 Amount actually paid for year bonuses

\$ .....
- 10.23 Maximum amount payable withholds

\$ .....
- 10.24 Amount actually paid for year withholds

\$ .....
- 11.1 Is the reporting entity organized as:
- 11.12 A medical Group/Staff Model,

Yes[ ] No[X]
- 11.13 An Individual Practice Association (IPA), or,

Yes[ ] No[X]
- 11.14 A Mixed Model (combination of above)?

Yes[ ] No[X]
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes[X] No[ ]
- 11.3 If yes, show the name of the state requiring such net worth.

Tennessee
- 11.4 If yes, show the amount required.

\$ ..... 3,129,911
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[ ] No[X]
- 11.6 If the amount is calculated, show the calculation.

4% of the Amount received under the TennCare contract (78,247,780 \* 4%)

12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
Western Region - Tennessee .....

FIVE-YEAR HISTORICAL DATA

	1 2005	2 2004	3 2003	4 2002	5 2001
<b>BALANCE SHEET ITEMS (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 26) .....	5,778,439	5,486,257	9,648,917	11,568,273	18,755,020
2. Total liabilities (Page 3, Line 22) .....	821,925	933,741	5,644,209	8,046,712	15,611,817
3. Statutory surplus .....					
4. Total capital and surplus (Page 3, Line 31) .....	4,956,514	4,552,516	4,004,708	3,521,561	3,143,203
<b>INCOME STATEMENT ITEMS (Page 4)</b>					
5. Total revenues (Line 8) .....			163,090	38,264,598	34,895,131
6. Total medical and hospital expenses (Line 18) .....			138,624	32,395,363	29,635,803
7. Claims adjustment expenses (Line 20) .....	(160,687)	(319,022)	(270,953)	922,463	
8. Total administrative expenses (Line 21) .....	(279,753)	(454,206)	3,787	4,363,782	4,134,052
9. Net underwriting gain (loss) (Line 24) .....	440,440	773,228	291,632	582,990	65,008
10. Net investment gain (loss) (Line 27) .....	144,031	83,422	114,077	310,445	205,916
11. Total other income (Lines 28 plus 29) .....	25,000	(25,000)	4,300		(16,000)
12. Net income or (loss) (Line 32) .....	402,250	548,888	270,606	589,668	172,254
<b>RISK-BASED CAPITAL ANALYSIS</b>					
13. Total adjusted capital .....	4,956,514	4,552,516	4,004,708	3,521,561	3,143,203
14. Authorized control level risk-based capital .....	72,433	70,264	752,456	1,745,623	1,857,172
<b>ENROLLMENT (Exhibit 1)</b>					
15. Total members at end of period (Column 5, Line 7) .....					40,910
16. Total members months (Column 6, Line 7) .....				260,890	242,981
<b>OPERATING PERCENTAGE (Page 4)</b>					
(Item divided by Page 4, sum of Lines 2, 3 and 5)x 100.0					
17. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5) .....	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical plus other non-health (Lines 18 plus Line 19) .....			85	85	85
19. Cost containment expenses .....			X X X	X X X	X X X
20. Other claims adjustment expenses .....					
21. Total underwriting deductions (Line 23) .....			(79)	98	100
22. Total underwriting gain (loss) (Line 24) .....			179	2	0
<b>UNPAID CLAIMS ANALYSIS</b>					
(U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 13, Column 5) .....	279,225	4,898,815	7,363,553	13,189,748	
24. Estimated liability of unpaid claims-[prior year (Line 13, Column 6)] .....	279,225	4,898,815	7,224,929	13,189,748	
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>					
25. Affiliated bonds (Sch. D Summary, Line 25, Column 1) .....					
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Column 1) .....					
27. Affiliated common stocks (Sch. D Summary, Line 53, Column 2) .....					
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Column 5, Line 11) .....					
29. Affiliated mortgage loans on real estate .....					
30. All other affiliated .....					
31. Total of above Lines 25 to 30 .....					



**EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)**

REPORT FOR: 1. CORPORATION: Better Health Plans, Inc.      2. DIVISION:

NAIC Group Code 2718

BUSINESS IN THE STATE OF **TENNESSEE** DURING THE YEAR

NAIC Company Code 11139

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
<b>Total Members at end of:</b>													
1. Prior Year .....													
2. First Quarter .....													
3. Second Quarter .....													
4. Third Quarter .....													
5. Current Year .....													
6. Current Year Member Months .....													
<b>Total Member Ambulatory Encounters for Year:</b>													
7. Physician .....													
8. Non-Physician .....													
9. Total .....													
10. Hospital Patient Days Incurred .....													
11. Number of Inpatient Admissions .....													
12. Health Premiums Written .....													
13. Life Premiums Direct .....													
14. Property/Casualty Premiums Written .....													
15. Health Premiums Earned .....													
16. Property/Casualty Premiums Earned .....													
17. Amount Paid for Provision of Health Care Services .....	45,579								45,579				
18. Amount Incurred for Provision of Health Care Services .....													

(a) For health business: number of persons insured under PPO managed care products ..... and number of persons insured under indemnity only products .....



**EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)**

NAIC Group Code 2718

REPORT FOR: 1. CORPORATION:      2. DIVISION:  
BUSINESS IN THE STATE OF **GRAND TOTAL** DURING THE YEAR

NAIC Company Code 11139

30 Grand Total

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year .....													
2. First Quarter .....													
3. Second Quarter .....													
4. Third Quarter .....													
5. Current Year .....													
6. Current Year Member Months .....													
Total Member Ambulatory Encounters for Year:													
7. Physician .....													
8. Non-Physician .....													
9. Total .....													
10. Hospital Patient Days Incurred .....													
11. Number of Inpatient Admissions .....													
12. Health Premiums Written .....													
13. Life Premiums Direct .....													
14. Property/Casualty Premiums Written .....													
15. Health Premiums Earned .....													
16. Property/Casualty Premiums Earned .....													
17. Amount Paid for Provision of Health Care Services .....	45,579								45,579				
18. Amount Incurred for Provision of Health Care Services .....													

(a) For health business: number of persons insured under PPO managed care products ..... and number of persons insured under indemnity only products .....



**SCHEDULE A - VERIFICATION BETWEEN YEARS**  
**Real Estate**

1.	Book/adjusted carrying value, December 31, prior year (prior year statement) .....	
2.	Increase (decrease) by adjustment:	
2.1	Totals, Part 1, Column 11 .....	
2.2	Totals, Part 3, Column 7 .....	
3.	Cost of acquired, (Totals, Part 2, Column 6, net of encumbrances (Column 7) and net of additions and permanent improvements (Column 9)) .....	
4.	Cost of additions and permanent improvements:	
4.1	Totals, Part 1, Column 14 .....	
4.2	Totals, Part 3, Column 9 .....	
5.	Total profit (loss) on sales, Part 3, Column 14 .....	
6.	Increase (decrease) by foreign exchange adjustment .....	
6.1	Totals, Part 1, Column 12 .....	
6.2	Totals, Part 3, Column 8 .....	
7.	Amounts received on sales, Part 3, Column 11 and Part 1, Column 13 .....	
8.	Book/adjusted carrying value at the end of current period .....	
9.	Total valuation allowance .....	
10.	Subtotal (Lines 8 plus 9) .....	
11.	Total nonadmitted amounts .....	
12.	Statement value, current period (Page 2, real estate lines, Net Admitted Assets column) .....	

**SCHEDULE B - VERIFICATION BETWEEN YEARS**  
**Mortgage Loans**

1.	Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year .....	
2.	Amount loaned during year:	
2.1	Actual cost at time of acquisitions .....	
2.2	Additional investment made after acquisitions .....	
3.	Accrual of discount and mortgage interest points and commitment fees .....	
4.	Increase (decrease) by adjustment .....	
5.	Total profit (loss) on sale .....	
6.	Amounts paid on account or in full during the year .....	
7.	Amortization of premium .....	
8.	Increase (decrease) by foreign exchange adjustment .....	
9.	Book value/recorded investment excluding accrued interest on mortgages owned at end of current period .....	
10.	Total valuation allowance .....	
11.	Subtotal (Lines 9 plus 10) .....	
12.	Total nonadmitted amounts .....	
13.	Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column) .....	

**SCHEDULE BA - VERIFICATION BETWEEN YEARS**  
**Long-Term Invested Assets**

1.	Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year .....	
2.	Cost of acquisitions during year:	
2.1	Actual cost at time of acquisitions .....	
2.2	Additional investment made after acquisitions .....	
3.	Accrual of discount .....	
4.	Increase (decrease) by adjustment .....	
5.	Total profit (loss) on sale .....	
6.	Amounts paid on account or in full during the year .....	
7.	Amortization of premium .....	
8.	Increase (decrease) by foreign exchange adjustment .....	
9.	Book/adjusted carrying value of long-term invested assets at end of current period .....	
10.	Total valuation allowance .....	
11.	Subtotal (Lines 9 plus 10) .....	
12.	Total nonadmitted amounts .....	
13.	Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3) .....	

**SCHEDULE D - SUMMARY BY COUNTRY**  
**Long-Term Bonds and Stocks OWNED December 31 of Current Year**

Description			1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1.	United States .....	2,599,920	2,576,625	2,602,233	2,600,000
	2.	Canada .....				
	3.	Other Countries .....				
	4.	Totals .....	2,599,920	2,576,625	2,602,233	2,600,000
States, Territories and Possessions (Direct and Guaranteed)	5.	United States .....				
	6.	Canada .....				
	7.	Other Countries .....				
	8.	Totals .....				
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9.	United States .....				
	10.	Canada .....				
	11.	Other Countries .....				
	12.	Totals .....				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13.	United States .....				
	14.	Canada .....				
	15.	Other Countries .....				
	16.	Totals .....				
Public Utilities (unaffiliated)	17.	United States .....				
	18.	Canada .....				
	19.	Other Countries .....				
	20.	Totals .....				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21.	United States .....				
	22.	Canada .....				
	23.	Other Countries .....				
	24.	Totals .....				
Parent, Subsidiaries and Affiliates	25.	Totals .....				
	26.	Total Bonds .....	2,599,920	2,576,625	2,602,233	2,600,000
PREFERRED STOCKS Public Utilities (unaffiliated)	27.	United States .....				
	28.	Canada .....				
	29.	Other Countries .....				
	30.	Totals .....				
Banks, Trust and Insurance Companies (unaffiliated)	31.	United States .....				
	32.	Canada .....				
	33.	Other Countries .....				
	34.	Totals .....				
Industrial and Miscellaneous (unaffiliated)	35.	United States .....				
	36.	Canada .....				
	37.	Other Countries .....				
	38.	Totals .....				
Parent, Subsidiaries and Affiliates	39.	Totals .....				
	40.	Total Preferred Stocks .....				
COMMON STOCKS Public Utilities (unaffiliated)	41.	United States .....				
	42.	Canada .....				
	43.	Other Countries .....				
	44.	Totals .....				
Banks, Trust and Insurance Companies (unaffiliated)	45.	United States .....				
	46.	Canada .....				
	47.	Other Countries .....				
	48.	Totals .....				
Industrial and Miscellaneous (unaffiliated)	49.	United States .....				
	50.	Canada .....				
	51.	Other Countries .....				
	52.	Totals .....				
Parent, Subsidiaries and Affiliates	53.	Totals .....				
	54.	Total Common Stocks .....				
	55.	Total Stocks .....				
	56.	Total Bonds and Stocks .....	2,599,920	2,576,625	2,602,233	

**SCHEDULE D - Verification Between Years**  
**Bonds and Stocks**

1. Book/adjusted carrying value of bonds and stocks, prior year .....	1,402,828	7. Amortization of premium .....	1,484
2. Cost of bonds and stocks acquired, Column 7, Part 3 .....	1,198,576	8. Foreign Exchange Adjustment:	
3. Accrual of discount .....		8.1 Column 15, Part 1 .....	
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2, Section 1 .....	
4.1 Columns 12 - 14, Part 1 .....		8.3 Column 16, Part 2, Section 2 .....	
4.2 Column 15 - 17, Part 2, Section 1 .....		8.4 Column 15, Part 4 .....	
4.3 Column 15, Part 2, Section 2 .....			
4.4 Column 11 - 13, Part 4 .....		9. Book/adjusted carrying value at end of current period .....	2,599,920
5. Total gain (loss), Column 19, Part 4 .....		10. Total valuation allowance .....	
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4 .....		11. Subtotal (Lines 9 plus 10) .....	2,599,920
		12. Total nonadmitted assets .....	
		13. Statement value of bonds and stocks, current period .....	2,599,920

**SCHEDULE D - PART 1A - SECTION 1**

**Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations**

Quality Rating Per the NAIC Designation		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1.	U.S. Governments, Schedules D & DA (Group 1)											
1.1	Class 1	1,401,169	1,198,751				2,599,920	100.00	1,402,827	100.00	2,599,920	
1.2	Class 2											
1.3	Class 3											
1.4	Class 4											
1.5	Class 5											
1.6	Class 6											
1.7	TOTALS	1,401,169	1,198,751				2,599,920	100.00	1,402,827	100.00	2,599,920	
2.	All Other Governments, Schedules D & DA (Group 2)											
2.1	Class 1											
2.2	Class 2											
2.3	Class 3											
2.4	Class 4											
2.5	Class 5											
2.6	Class 6											
2.7	TOTALS											
3.	States, Territories and Possessions etc., Guaranteed, Schedules D & DA (Group 3)											
3.1	Class 1											
3.2	Class 2											
3.3	Class 3											
3.4	Class 4											
3.5	Class 5											
3.6	Class 6											
3.7	TOTALS											
4.	Political Subdivisions of States, Territories & Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1	Class 1											
4.2	Class 2											
4.3	Class 3											
4.4	Class 4											
4.5	Class 5											
4.6	Class 6											
4.7	TOTALS											
5.	Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1	Class 1											
5.2	Class 2											
5.3	Class 3											
5.4	Class 4											
5.5	Class 5											
5.6	Class 6											
5.7	TOTALS											

**SCHEDULE D - PART 1A - SECTION 1 (Continued)**

**Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations**

Quality Rating Per the NAIC Designation		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6.	Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1	Class 1											
6.2	Class 2											
6.3	Class 3											
6.4	Class 4											
6.5	Class 5											
6.6	Class 6											
6.7	TOTALS											
7.	Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1	Class 1											
7.2	Class 2											
7.3	Class 3											
7.4	Class 4											
7.5	Class 5											
7.6	Class 6											
7.7	TOTALS											
8.	Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1	Class 1											
8.2	Class 2											
8.3	Class 3											
8.4	Class 4											
8.5	Class 5											
8.6	Class 6											
8.7	TOTALS											
9.	Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1	Class 1											
9.2	Class 2											
9.3	Class 3											
9.4	Class 4											
9.5	Class 5											
9.6	Class 6											
9.7	TOTALS											

**SCHEDULE D - PART 1A - SECTION 1 (Continued)**

**Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values By Major Types of Issues and NAIC Designations**

Quality Rating Per the NAIC Designation		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
10. Total Bonds Current Year												
10.1	Class 1	1,401,169	1,198,751				2,599,920	100.00	X X X	X X X	2,599,920	
10.2	Class 2								X X X	X X X		
10.3	Class 3								X X X	X X X		
10.4	Class 4								X X X	X X X		
10.5	Class 5						(c)		X X X	X X X		
10.6	Class 6						(c)		X X X	X X X		
10.7	TOTALS	1,401,169	1,198,751				(b) 2,599,920	100.00	X X X	X X X	2,599,920	
10.8	Line 10.7 as a % of Column 6	53.89	46.11				100.00	X X X	X X X	X X X	100.00	
11. Total Bonds Prior Year												
11.1	Class 1		1,402,827				X X X	X X X	1,402,827	100.00	1,402,827	
11.2	Class 2						X X X	X X X				
11.3	Class 3						X X X	X X X				
11.4	Class 4						X X X	X X X				
11.5	Class 5						X X X	X X X	(c)			
11.6	Class 6						X X X	X X X	(c)			
11.7	TOTALS		1,402,827				X X X	X X X	(b) 1,402,827	100.00	1,402,827	
11.8	Line 11.7 as a % of Col. 8		100.00				X X X	X X X	100.00	X X X	100.00	
12. Total Publicly Traded Bonds												
12.1	Class 1	1,401,169	1,198,751				2,599,920	100.00	1,402,827	100.00	2,599,920	X X X
12.2	Class 2											X X X
12.3	Class 3											X X X
12.4	Class 4											X X X
12.5	Class 5											X X X
12.6	Class 6											X X X
12.7	TOTALS	1,401,169	1,198,751				2,599,920	100.00	1,402,827	100.00	2,599,920	X X X
12.8	Line 12.7 as a % of Col. 6	53.89	46.11				100.00	X X X	X X X	X X X	100.00	X X X
12.9	Line 12.7 as a % of Line 10.7, Col. 6, Section 10	53.89	46.11				100.00	X X X	X X X	X X X	100.00	X X X
13. Total Privately Placed Bonds												
13.1	Class 1										X X X	
13.2	Class 2										X X X	
13.3	Class 3										X X X	
13.4	Class 4										X X X	
13.5	Class 5										X X X	
13.6	Class 6										X X X	
13.7	TOTALS										X X X	
13.8	Line 13.7 as a % of Col. 6							X X X	X X X	X X X	X X X	
13.9	Line 13.7 as a % of Line 10.7, Col. 6, Section 10							X X X	X X X	X X X	X X X	

(a) Includes \$..... freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.  
(b) Includes \$..... current year, \$..... prior year of bonds with Z designations and \$..... current year, \$..... prior year of bonds with Z\* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z\*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.  
(c) Includes \$..... current year, \$..... prior year of bonds with 5\* designations and \$..... current year, \$..... prior year of bonds with 6\* designations. "5\*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6\*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

**SCHEDULE D - PART 1A - SECTION 2**

**Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Type and Subtype of Issues**

Distribution by Type		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1.	U.S. Governments, Schedules D & DA (Group 1)											
1.1	Issuer Obligations .....	1,401,169	1,198,751				2,599,920	100.00	1,402,827	100.00	2,599,920	
1.2	Single Class Mortgage-Backed/Asset-Backed Securities .....											
1.7	TOTALS .....	1,401,169	1,198,751				2,599,920	100.00	1,402,827	100.00	2,599,920	
2.	All Other Governments, Schedules D & DA (Group 2)											
2.1	Issuer Obligations .....											
2.2	Single Class Mortgage-Backed/Asset-Backed Securities .....											
	<b>MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:</b>											
2.3	Defined .....											
2.4	Other .....											
	<b>MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:</b>											
2.5	Defined .....											
2.6	Other .....											
2.7	TOTALS .....											
3.	States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 3)											
3.1	Issuer Obligations .....											
3.2	Single Class Mortgage-Backed/Asset-Backed Securities .....											
	<b>MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:</b>											
3.3	Defined .....											
3.4	Other .....											
	<b>MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:</b>											
3.5	Defined .....											
3.6	Other .....											
3.7	TOTALS .....											
4.	Political Subdivisions of States, Territories & Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1	Issuer Obligations .....											
4.2	Single Class Mortgage-Backed/Asset-Backed Securities .....											
	<b>MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:</b>											
4.3	Defined .....											
4.4	Other .....											
	<b>MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:</b>											
4.5	Defined .....											
4.6	Other .....											
4.7	TOTALS .....											
5.	Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, SCH. D & DA (Group 5)											
5.1	Issuer Obligations .....											
5.2	Single Class Mortgage-Backed/Asset-Backed Securities .....											
	<b>MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:</b>											
5.3	Defined .....											
5.4	Other .....											
	<b>MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:</b>											
5.5	Defined .....											
5.6	Other .....											
5.7	TOTALS .....											

**SCHEDULE D - PART 1A - SECTION 2 (Continued)**

**Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Type and Subtype of Issues**

	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
Distribution by Type											
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Issuer Obligations .....											
6.2 Single Class Mortgage-Backed/Asset-Backed Securities .....											
<b>MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:</b>											
6.3 Defined .....											
6.4 Other .....											
<b>MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:</b>											
6.5 Defined .....											
6.6 Other .....											
6.7 TOTALS .....											
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Issuer Obligations .....											
7.2 Single Class Mortgage-Backed/Asset-Backed Securities .....											
<b>MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:</b>											
7.3 Defined .....											
7.4 Other .....											
<b>MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:</b>											
7.5 Defined .....											
7.6 Other .....											
7.7 TOTALS .....											
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Issuer Obligations .....											
8.7 TOTALS .....											
9. Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Issuer Obligations .....											
9.2 Single Class Mortgage-Backed/Asset-Backed Securities .....											
<b>MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:</b>											
9.3 Defined .....											
9.4 Other .....											
<b>MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:</b>											
9.5 Defined .....											
9.6 Other .....											
9.7 TOTALS .....											

**SCHEDULE D - PART 1A - SECTION 2 (Continued)**

**Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Type and Subtype of Issues**

	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
Distribution by Type											
10. Total Bonds Current Year											
10.1 Issuer Obligations	1,401,169	1,198,751				2,599,920	100.00	X X X	X X X	2,599,920	
10.2 Single Class Mortgage-Backed/Asset-Backed Securities								X X X	X X X		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
10.3 Defined								X X X	X X X		
10.4 Other								X X X	X X X		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
10.5 Defined								X X X	X X X		
10.6 Other								X X X	X X X		
10.7 TOTALS	1,401,169	1,198,751				2,599,920	100.00	X X X	X X X	2,599,920	
10.8 Line 10.7 as a % of Column 6	53.89	46.11				100.00	X X X	X X X	X X X	100.00	
11. Total Bonds Prior Year											
11.1 Issuer Obligations		1,402,827				X X X	X X X	1,402,827	100.00	1,402,827	
11.2 Single Class Mortgage-Backed/Asset-Backed Securities						X X X	X X X				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
11.3 Defined						X X X	X X X				
11.4 Other						X X X	X X X				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
11.5 Defined						X X X	X X X				
11.6 Other						X X X	X X X				
11.7 TOTALS		1,402,827				X X X	X X X	1,402,827	100.00	1,402,827	
11.8 Line 11.7 as a % of Column 8		100.00				X X X	X X X	100.00	X X X	100.00	
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations	1,401,169	1,198,751				2,599,920	100.00	1,402,827	100.00	2,599,920	X X X
12.2 Single Class Mortgage-Backed/Asset-Backed Securities											X X X
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
12.3 Defined											X X X
12.4 Other											X X X
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
12.5 Defined											X X X
12.6 Other											X X X
12.7 TOTALS	1,401,169	1,198,751				2,599,920	100.00	1,402,827	100.00	2,599,920	X X X
12.8 Line 12.7 as a % of Column 6	53.89	46.11				100.00	X X X	X X X	X X X	100.00	X X X
12.9 Line 12.7 as a % of Line 10.7, Column 6, Section 10	53.89	46.11				100.00	X X X	X X X	X X X	100.00	X X X
13. Total Privately Placed Bonds											
13.1 Issuer Obligations										X X X	
13.2 Single Class Mortgage-Backed/Asset-Backed Securities										X X X	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
13.3 Defined										X X X	
13.4 Other										X X X	
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
13.5 Defined										X X X	
13.6 Other										X X X	
13.7 TOTALS										X X X	
13.8 Line 13.7 as a % of Column 6							X X X	X X X	X X X	X X X	
13.9 Line 13.7 as a % of Line 10.7, Column 6, Section 10							X X X	X X X	X X X	X X X	



39	Schedule DA Part 2 .....	NONE
40	Schedule DB Part A Verification .....	NONE
40	Schedule DB Part B Verification .....	NONE
41	Schedule DB Part C Verification .....	NONE
41	Schedule DB Part D Verification .....	NONE
41	Schedule DB Part E Verification .....	NONE
42	Schedule DB Part F Sn 1 - Sum Replicated Assets .....	NONE
43	Schedule DB Part F Sn 2 - Recon Replicated Assets .....	NONE
44	Schedule S - Part 1 - Section 2 .....	NONE
45	Schedule S - Part 2 .....	NONE
46	Schedule S - Part 3 - Section 2 .....	NONE
47	Schedule S - Part 4 .....	NONE

**SCHEDULE S - PART 5**  
**Five-Year Exhibit of Reinsurance Ceded Business**  
**(000 Omitted)**

	1 2005	2 2004	3 2003	4 2002	5 2001
<b>A. OPERATIONS ITEMS</b>					
1. Premiums .....					
2. Title XVIII-Medicare .....					
3. Title XIX - Medicaid .....				197	184
4. Commissions and reinsurance expense allowance .....					
5. Total hospital and medical expenses .....					
<b>B. BALANCE SHEET ITEMS</b>					
6. Premiums receivable .....					
7. Claims payable .....					
8. Reinsurance recoverable on paid losses .....				12	
9. Experience rating refunds due or unpaid .....					
10. Commissions and reinsurance expense allowances unpaid .....					
11. Unauthorized reinsurance offset .....					
<b>C. UNAUTHORIZED REINSURANCE</b>					
<b>(DEPOSITS BY AND FUNDS WITHHELD FROM)</b>					
12. Funds deposited by and withheld from (F) .....					
13. Letters of credit (L) .....					
14. Trust agreements (T) .....					
15. Other (O) .....					

**SCHEDULE S - PART 6**  
**Restatement of Balance Sheet to Identify Net Credit For Ceded Reinsurance**

	1 As Reported (net of ceded)	2 Restatement Adjustments	3 Restated (gross of ceded)
<b>ASSETS (Page 2, Col. 3)</b>			
1. Cash and invested assets (Line 10) .....	5,686,059		5,686,059
2. Accident and health premiums due and unpaid (Line 13) .....			
3. Amounts recoverable from reinsurers (Line 14.1) .....			
4. Net credit for ceded reinsurance .....	X X X		
5. All other admitted assets (Balance) .....	92,380		92,380
6. Total assets (Line 26) .....	5,778,439		5,778,439
<b>LIABILITIES, CAPITAL AND SURPLUS (Page 3)</b>			
7. Claims unpaid (Line 1) .....	233,646		233,646
8. Accrued medical incentive pool and bonus payments (Line 2) .....			
9. Premiums received in advance (Line 8) .....			
10. Reinsurance in unauthorized companies (Line 18) .....			
11. All other liabilities (Balance) .....	588,279		588,279
12. Total liabilities (Line 22) .....	821,925		821,925
13. Total capital and surplus (Line 31) .....	4,956,514	X X X	4,956,514
14. Total liabilities, capital and surplus (Line 32) .....	5,778,439		5,778,439
<b>NET CREDIT FOR CEDED REINSURANCE</b>			
15. Claims unpaid .....			
16. Accrued medical incentive pool .....			
17. Premiums received in advance .....			
18. Reinsurance recoverable on paid losses .....			
19. Other ceded reinsurance recoverables .....			
20. Total ceded reinsurance recoverables .....			
21. Premiums receivable .....			
22. Unauthorized reinsurance .....			
23. Other ceded reinsurance payables/offsets .....			
24. Total ceded reinsurance payables/offsets .....			
25. Total net credit for ceded reinsurance .....			

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**  
**Allocated by States and Territories**

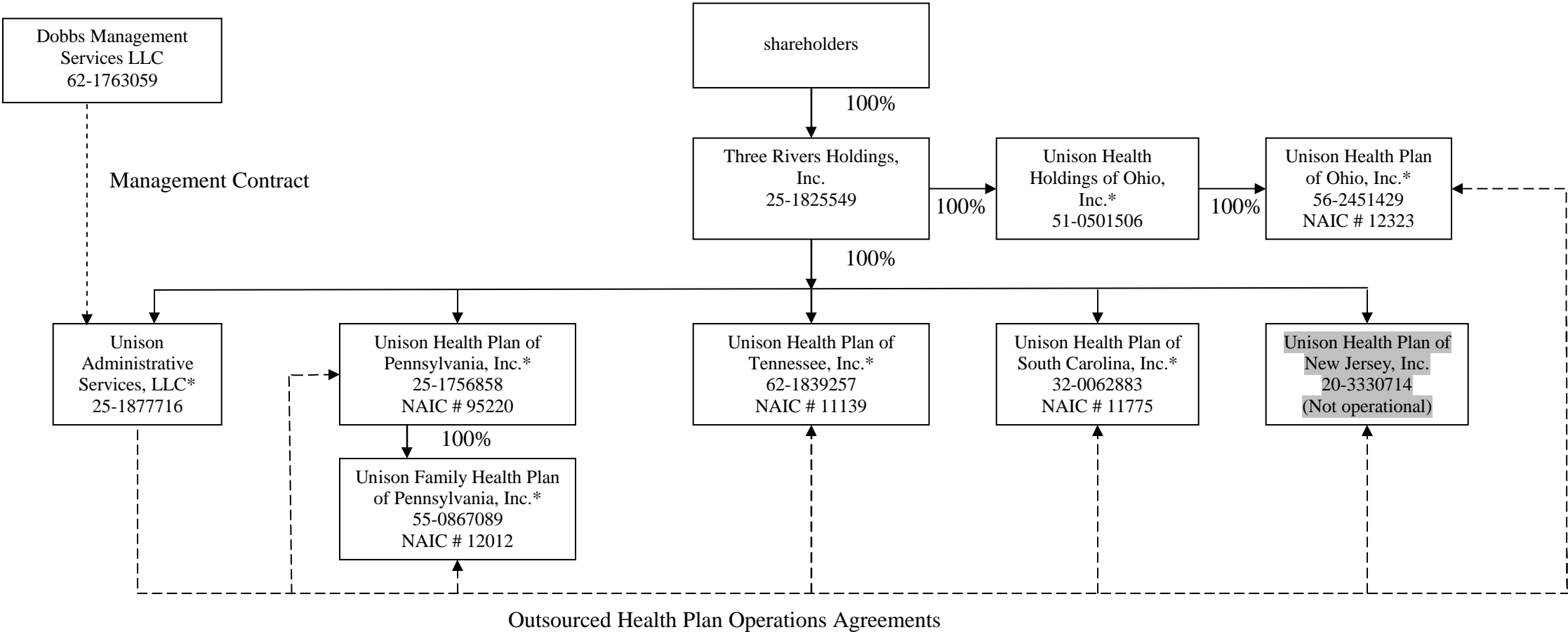
		1	2	Direct Business Only					
		Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	3	4	5	6	7	8
State, Etc.				Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Deposit-Type Contract Funds	Property/ Casualty Premiums
1.	Alabama (AL) .....	No ..	No ..						
2.	Alaska (AK) .....	No ..	No ..						
3.	Arizona (AZ) .....	No ..	No ..						
4.	Arkansas (AR) .....	No ..	No ..						
5.	California (CA) .....	No ..	No ..						
6.	Colorado (CO) .....	No ..	No ..						
7.	Connecticut (CT) .....	No ..	No ..						
8.	Delaware (DE) .....	No ..	No ..						
9.	District of Columbia (DC) .....	No ..	No ..						
10.	Florida (FL) .....	No ..	No ..						
11.	Georgia (GA) .....	No ..	No ..						
12.	Hawaii (HI) .....	No ..	No ..						
13.	Idaho (ID) .....	No ..	No ..						
14.	Illinois (IL) .....	No ..	No ..						
15.	Indiana (IN) .....	No ..	No ..						
16.	Iowa (IA) .....	No ..	No ..						
17.	Kansas (KS) .....	No ..	No ..						
18.	Kentucky (KY) .....	No ..	No ..						
19.	Louisiana (LA) .....	No ..	No ..						
20.	Maine (ME) .....	No ..	No ..						
21.	Maryland (MD) .....	No ..	No ..						
22.	Massachusetts (MA) .....	No ..	No ..						
23.	Michigan (MI) .....	No ..	No ..						
24.	Minnesota (MN) .....	No ..	No ..						
25.	Mississippi (MS) .....	No ..	No ..						
26.	Missouri (MO) .....	No ..	No ..						
27.	Montana (MT) .....	No ..	No ..						
28.	Nebraska (NE) .....	No ..	No ..						
29.	Nevada (NV) .....	No ..	No ..						
30.	New Hampshire (NH) .....	No ..	No ..						
31.	New Jersey (NJ) .....	No ..	No ..						
32.	New Mexico (NM) .....	No ..	No ..						
33.	New York (NY) .....	No ..	No ..						
34.	North Carolina (NC) .....	No ..	No ..						
35.	North Dakota (ND) .....	No ..	No ..						
36.	Ohio (OH) .....	No ..	No ..						
37.	Oklahoma (OK) .....	No ..	No ..						
38.	Oregon (OR) .....	No ..	No ..						
39.	Pennsylvania (PA) .....	No ..	No ..						
40.	Rhode Island (RI) .....	No ..	No ..						
41.	South Carolina (SC) .....	No ..	No ..						
42.	South Dakota (SD) .....	No ..	No ..						
43.	Tennessee (TN) .....	No ..	Yes ..						
44.	Texas (TX) .....	No ..	No ..						
45.	Utah (UT) .....	No ..	No ..						
46.	Vermont (VT) .....	No ..	No ..						
47.	Virginia (VA) .....	No ..	No ..						
48.	Washington (WA) .....	No ..	No ..						
49.	West Virginia (WV) .....	No ..	No ..						
50.	Wisconsin (WI) .....	No ..	No ..						
51.	Wyoming (WY) .....	No ..	No ..						
52.	American Samoa (AS) .....	No ..	No ..						
53.	Guam (GU) .....	No ..	No ..						
54.	Puerto Rico (PR) .....	No ..	No ..						
55.	U.S. Virgin Islands (VI) .....	No ..	No ..						
56.	Canada (CN) .....	No ..	No ..						
57.	Aggregate other alien (OT) .....	X X X ..	X X X ..						
58.	Subtotal .....	X X X ..	X X X ..						
59.	Reporting entity contributions for Employee Benefit Plans .....	X X X ..	X X X ..						
60.	TOTAL (Direct Business) .....	X X X ..	(a)..... 1						
DETAILS OF WRITE-INS									
5701	.....	X X X ..	X X X ..						
5702	.....	X X X ..	X X X ..						
5703	.....	X X X ..	X X X ..						
5798.	Summary of remaining write-ins for Line 57 from overflow page .....	X X X ..	X X X ..						
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above) .....	X X X ..	X X X ..						

(a) Insert the number of yes responses except for Canada and Other Alien.  
Explanation of basis of allocation of premiums by states, etc.:

**SCHEDULE T - PART 2**  
**INTERSTATE COMPACT PRODUCTS - EXHIBIT OF PREMIUMS WRITTEN**  
**ALLOCATED BY STATES AND TERRITORIES**

Direct Business only						
	1	2	3	4	5	6
States, Etc.	Life (Group and Individual)	Annuities (Group and Individual)	Disability Income (Group and Individual)	Long-Term Care (Group and Individual)	Deposit-Type Contracts	Totals
1. Alabama (AL) .....						
2. Alaska (AK) .....						
3. Arizona (AZ) .....						
4. Arkansas (AR) .....						
5. California (CA) .....						
6. Colorado (CO) .....						
7. Connecticut (CT) .....						
8. Delaware (DE) .....						
9. District of Columbia (DC) .....						
10. Florida (FL) .....						
11. Georgia (GA) .....						
12. Hawaii (HI) .....						
13. Idaho (ID) .....						
14. Illinois (IL) .....						
15. Indiana (IN) .....						
16. Iowa (IA) .....						
17. Kansas (KS) .....						
18. Kentucky (KY) .....						
19. Louisiana (LA) .....						
20. Maine (ME) .....						
21. Maryland (MD) .....						
22. Massachusetts (MA) .....						
23. Michigan (MI) .....						
24. Minnesota (MN) .....						
25. Mississippi (MS) .....						
26. Missouri (MO) .....						
27. Montana (MT) .....						
28. Nebraska (NE) .....		NONE				
29. Nevada (NV) .....						
30. New Hampshire (NH) .....						
31. New Jersey (NJ) .....						
32. New Mexico (NM) .....						
33. New York (NY) .....						
34. North Carolina (NC) .....						
35. North Dakota (ND) .....						
36. Ohio (OH) .....						
37. Oklahoma (OK) .....						
38. Oregon (OR) .....						
39. Pennsylvania (PA) .....						
40. Rhode Island (RI) .....						
41. South Carolina (SC) .....						
42. South Dakota (SD) .....						
43. Tennessee (TN) .....						
44. Texas (TX) .....						
45. Utah (UT) .....						
46. Vermont (VT) .....						
47. Virginia (VA) .....						
48. Washington (WA) .....						
49. West Virginia (WV) .....						
50. Wisconsin (WI) .....						
51. Wyoming (WY) .....						
52. American Samoa (AS) .....						
53. Guam (GU) .....						
54. Puerto Rico (PR) .....						
55. U.S. Virgin Islands (VI) .....						
56. Canada (CN) .....						
57. Aggregate other alien (OT) .....						
58. TOTALS .....						

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER  
MEMBERS OF A HOLDING COMPANY GROUP  
PART 1 - ORGANIZATIONAL CHART



\* BHP OH Holdings, Inc.'s name changed to Unison Health Holdings of Ohio, Inc. effective March 31, 2005.  
BHP of Ohio, Inc.'s name changed to Unison Health Plan of Ohio, Inc. effective March 7, 2005.  
Three Rivers Administrative Services, LLC's name changed to Unison Administrative Services, LLC effective August 1, 2005.  
Three Rivers Health Plans, Inc.'s name changed to Unison Health Plan of Pennsylvania, Inc. effective November 1, 2005.  
Better Health Plans of South Carolina, Inc.'s name changed to Unison Health Plan of South Carolina, Inc. effective March 3, 2005  
Better Health Plans, Inc.'s name changed to Unison Health Plan of Tennessee, Inc. effective September 1, 2005  
Three Rivers Children's Health Plan, Inc.'s name changed to Unison Family Health Plan of Pennsylvania, Inc. effective November 1, 2005.

**SCHEDULE Y (Continued)**  
**PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES**

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/(Disburse- ments) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	*	Any Other Material Activity not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
95220	25-1756858	UNISON HEALTH PLAN OF PA INC .....	(20,900,000)				(83,806,082)			4,911,625	(99,794,457)	
12012	55-0867089	UNISON FAMILY HEALTH PLAN OF PA INC .....					(3,237,320)				(3,237,320)	
11139	62-1839257	UNISON HEALTH PLAN OF TN INC .....					(7,478,303)				(7,478,303)	
11775	32-0062883	UNISON HEALTH PLAN OF SC INC .....					(587,107)				(587,107)	
12323	56-2451429	UNISON HEALTH PLAN OF OH INC .....		1,728,057			(495,045)				1,233,012	
	25-1877716	UNISON ADMINISTRATIVE SERVICES LLC .....					92,453,594				92,453,594	
	25-1767588	THREE RIVERS HEALTH MANAGEMENT COMPANY .....					135,000				135,000	
	25-1825549	THREE RIVERS HOLDINGS, INC .....	20,900,000				3,008,507			(4,911,625)	18,996,882	
	51-0501506	UNISON HEALTH HOLDINGS OF OHIO, INC. ....		(1,728,057)			6,756				(1,721,301)	
9999999	Totals .....								X X X			

Schedule Y Part 2 Explanation: Other activity of \$4,911,625 represents the net proceeds from the sale of pharmacy rebates

**SUPPLEMENTAL EXHIBITS AND SCHEDULES  
INTERROGATORIES**

	Response
The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of WAIVED to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.	
MARCH FILING	
1. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	Yes
2. Will an actuarial opinion be filed by March 1?	Yes
3. Will the Risk-based Capital Report be filed with the NAIC by March 1?	Waived
4. Will the Risk-based Capital Report be filed with the state of domicile, if required by March 1?	Waived
APRIL FILING	
5. Will Management's Discussion and Analysis be filed by April 1?	Yes
6. Will the Investment Risks Interrogatories be filed by April 1?	Yes
JUNE FILING	
7. Will an audited financial report be filed by June 1?	Yes

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but it is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING	
8. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	No
9. Will the Supplemental Life data due March 1 be filed with the state of domicile and the NAIC?	No
10. Will the Supplemental Property/Casualty data due March 1 be filed with the state of domicile and the NAIC?	No
11. Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1?	No
APRIL FILING	
12. Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile by April 1?	No
13. Will the Supplemental Life data due April 1 be filed with the state of domicile and the NAIC?	No
14. Will the Supplemental Property/Casualty data due April 1 be filed with the state of domicile and the NAIC?	No

Explanations:

Bar Codes:

Risk-Based Capital Filing



Medicare Supplement Insurance Experience Exhibit



Health Life Supplement



Health Property / Casualty Supplement



Schedule SIS



LTC Experience Reporting Form C



Health Life Supplement



Health Property / Casualty Supplement





**OVERFLOW PAGE FOR WRITE-INS**

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 3 - ANALYSIS OF EXPENSES**

		Claim Adjustment Expenses		3  General Administrative Expenses	4  Investment Expenses	5  Total
		1  Cost Containment Expenses	2  Other Claim Adjustment Expenses			
2504.	Training and Education .....	.....	.....	..... 28,360	.....	..... 28,360
2505.	Meetings .....	.....	.....	..... 12,374	.....	..... 12,374
2506.	Miscellaneous Expense .....	.....	.....	..... 22,607	.....	..... 22,607
2597.	Summary of overflow write-ins for Line 25 .....	.....	.....	..... 63,341	.....	..... 63,341

**E01      Schedule A - Part 1 Real Estate Owned ..... NONE**

**E02      Schedule A - Part 2 Real Estate Acquired ..... NONE**

**E03      Schedule A - Part 3 Real Estate Sold ..... NONE**

**E04      Schedule B - Part 1 Mortgage Loans Owned ..... NONE**

**E05      Schedule B - Part 2 Mortgage Loans Sold ..... NONE**

**E06      Schedule BA - Part 1 Invested Assets Owned ..... NONE**

**E07      Schedule BA - Part 2 Invested Assets Sold ..... NONE**

**SCHEDULE D - PART 1**

**Showing all Long-Term BONDS Owned December 31 of Current Year**

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest					Dates	
		3	4 F O R E I G N *	5 Bond CHAR			8  Rate Used to Obtain Fair Value	9  Fair Value			12  Unrealized Valuation Increase/ (Decrease)	13  Current Year's (Amortization) Accretion	14  Current Year's Other Than Temporary Impairment Recognized	15  Total Foreign Exchange Change in B./A.C.V.	16  Rate of	17  Effective Rate of Interest	18  How Paid	19  Admitted Amount Due and Accrued	20  Gross Amount Received During Year	21  Acquired	22  Maturity
CUSIP Identi- fication	Description			NAIC Design- ation	Actual Cost			Par Value	Book/ Adjusted Carrying Value												
U.S. Governments - Issuer Obligations																					
912828AY6	US Treasury Note			1	301,688	100.0310	300,093	300,000	300,280	(768)			2,000	1,740	M,N	750	5,232	02/24/2004	05/15/2006		
912828BP4	US Treasury Note			1	901,969	98.4640	886,176	900,000	900,889	(891)			2,625	2,522	M,N	2,953	22,734	08/25/2004	11/15/2006		
912828CF5	US Treasury Note			1	200,000	99.3480	198,696	200,000	200,000				2,250	2,250	A,O	750	4,500	05/04/2004	04/30/2006		
912828EH9	US Treasury Note			1	1,198,576	99.3050	1,191,660	1,200,000	1,198,751	4,062	175		4,000	4,062	M,S	12,133	175	09/28/2005	09/30/2007		
0199999 Subtotal - U.S. Governments - Issuer Obligations					2,602,233	X X X	2,576,625	2,600,000	2,599,920	(1,484)			X X X	X X X	X X X	16,586	32,641	X X X	X X X		
0399999 Subtotal - U.S. Governments					2,602,233	X X X	2,576,625	2,600,000	2,599,920	(1,484)			X X X	X X X	X X X	16,586	32,641	X X X	X X X		
5499999 Subtotals - Issuer Obligations					2,602,233	X X X	2,576,625	2,600,000	2,599,920	(1,484)			X X X	X X X	X X X	16,586	32,641	X X X	X X X		
6099999 Grand Total - Bonds					2,602,233	X X X	2,576,625	2,600,000	2,599,920	(1,484)			X X X	X X X	X X X	16,586	32,641	X X X	X X X		

**E09 Schedule D - Part 2 Sn 1 Prfrd Stocks Owned ..... NONE**

**E10 Schedule D - Part 2 Sn 2 Common Stocks Owned ..... NONE**

**SCHEDULE D - PART 3**  
**Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year**

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends
<b>Bonds - U.S. Governments</b>								
912828EH9 .....	U.S. TREASURY NOTE .....		09/28/2005 ..	FTN Financial .....	X X X .....	1,198,576	1,200,000.00	
0399999 Subtotal - Bonds - U.S. Governments .....						1,198,576	1,200,000.00	
6099997 Subtotal - Bonds - Part 3 .....						1,198,576	1,200,000.00	
6099998 Summary item from Part 5 for Bonds .....								
6099999 Subtotal - Bonds .....						1,198,576	1,200,000.00	
6599998 Summary Item from Part 5 for Preferred Stocks .....							X X X .....	
7299998 Summary Item from Part 5 for Common Stocks .....							X X X .....	
7399999 Subtotal - Preferred and Common Stocks .....							X X X .....	
7499999 Totals .....						1,198,576	X X X .....	

E12	Schedule D - Part 4 LT Bonds/Stock Sold .....	NONE
E13	Schedule D - Part 5 LT Bonds/Stocks Acquired/Disp .....	NONE
E14	Schedule D - Part 6 Sn 1 .....	NONE
E14	Schedule D - Part 6 Sn 2 .....	NONE
E15	Schedule DA - Part 1 ST Investments Owned .....	NONE
E16	Schedule DB - Part A Sn 1 Opt/Cap/Floor Owned .....	NONE
E16	Schedule DB - Part A Sn 2 Opt/Cap/Floor Acquired .....	NONE
E17	Schedule DB - Part A Sn 3 Opt/Cap/Floor Term .....	NONE
E17	Schedule DB - Part B Sn 1 Opt/Cap/Floor In-force .....	NONE
E18	Schedule DB - Part B Sn 2 Opt/Cap/Floor Written .....	NONE
E18	Schedule DB - Part B Sn 3 Opt/Cap/Floor Term .....	NONE
E19	Schedule DB - Part C Sn 1 Col/Swap/Fwrdd Open .....	NONE
E19	Schedule DB - Part C Sn 2 Col/Swap/Fwrdd Opened .....	NONE
E20	Schedule DB - Part C Sn 3 Col/Swap/Fwrdd Term .....	NONE
E20	Schedule DB - Part D Sn 1 Futures Contracts Open .....	NONE
E21	Schedule DB - Part D Sn 2 Futures Contracts Opened .....	NONE
E21	Schedule DB - Part D Sn 3 Futures Contracts Term .....	NONE
E22	Schedule DB - Part E Sn 1 Counterparty Exposure .....	NONE

SCHEDULE E - PART 1 - CASH

1			2	3	4	5	6	7
Depository			Code	Rate of Interest	Amount of Interest Received During Year	Amount of Interest Accrued December 31 of Current Year	Balance	*
<b>open depositories</b>								
PNC Bank - Operating Account .....	Monroeville, PA .....			4.051	96,285	7,348	3,063,918	X X X
PNC Bank - ASO Account .....	Monroeville, PA .....			3.888	39,634		19,414	X X X
0199998 Deposits in .....1 depositories that do not exceed the allowable limit in any one depository (See Instructions) - open depositories .....				X X X ..			2,807	X X X
0199999 Totals - Open Depositories .....				X X X ..	135,919	7,348	3,086,139	X X X
0299998 Deposits in ..... depositories that do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories .....				X X X ..				X X X
0299999 Totals - Suspended Depositories .....				X X X ..				X X X
0399999 Total Cash On Deposit .....				X X X ..	135,919	7,348	3,086,139	X X X
0499999 Cash in Company's Office .....				X X X ..	X X X ...	X X X ...		X X X
0599999 Total Cash .....				X X X ..	135,919	7,348	3,086,139	X X X

TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR

1. January .....	3,983,348	4. April .....	3,834,049	7. July .....	3,995,742	10. October .....	2,993,723
2. February .....	3,709,035	5. May .....	3,821,132	8. August .....	3,668,419	11. November .....	2,638,993
3. March .....	3,762,225	6. June .....	3,934,952	9. September .....	2,913,603	12. December .....	3,086,139

**SCHEDULE E - PART 2 - CASH EQUIVALENTS**

Show Investments Owned December 31 of Current Year

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due & Accrued	Gross Investment Income
<div>NONE</div>								
0199999 Total Cash Equivalents .....						.....	.....	.....



**SCHEDULE E - PART 3 - SPECIAL DEPOSITS**

		1	2	Deposits with the State of Domicile For the Benefit of All Policyholders		All Other Special Deposits	
		Type of Deposit	Purpose of Deposit	3 Book/Adjusted Carrying Value	4 Fair Value	5 Book/Adjusted Carrying Value	6 Fair Value
States. Etc.							
1.	Alabama (AL) .....						
2.	Alaska (AK) .....						
3.	Arizona (AZ) .....						
4.	Arkansas (AR) .....						
5.	California (CA) .....						
6.	Colorado (CO) .....						
7.	Connecticut (CT) .....						
8.	Delaware (DE) .....						
9.	District of Columbia (DC) .....						
10.	Florida (FL) .....						
11.	Georgia (GA) .....						
12.	Hawaii (HI) .....						
13.	Idaho (ID) .....						
14.	Illinois (IL) .....						
15.	Indiana (IN) .....						
16.	Iowa (IA) .....						
17.	Kansas (KS) .....						
18.	Kentucky (KY) .....						
19.	Louisiana (LA) .....						
20.	Maine (ME) .....						
21.	Maryland (MD) .....						
22.	Massachusetts (MA) .....						
23.	Michigan (MI) .....						
24.	Minnesota (MN) .....						
25.	Mississippi (MS) .....						
26.	Missouri (MO) .....						
27.	Montana (MT) .....						
28.	Nebraska (NE) .....						
29.	Nevada (NV) .....						
30.	New Hampshire (NH) .....						
31.	New Jersey (NJ) .....						
32.	New Mexico (NM) .....						
33.	New York (NY) .....						
34.	North Carolina (NC) .....						
35.	North Dakota (ND) .....						
36.	Ohio (OH) .....						
37.	Oklahoma (OK) .....						
38.	Oregon (OR) .....						
39.	Pennsylvania (PA) .....						
40.	Rhode Island (RI) .....						
41.	South Carolina (SC) .....						
42.	South Dakota (SD) .....						
43.	Tennessee (TN) .....	B .....	TN RSD by TN INS Code/Title 56-32-212 .....	2,599,920	2,576,625		
44.	Texas (TX) .....						
45.	Utah (UT) .....						
46.	Vermont (VT) .....						
47.	Virginia (VA) .....						
48.	Washington (WA) .....						
49.	West Virginia (WV) .....						
50.	Wisconsin (WI) .....						
51.	Wyoming (WY) .....						
52.	American Samoa (AS) .....						
53.	Guam (GU) .....						
54.	Puerto Rico (PR) .....						
55.	U.S. Virgin Islands (VI) .....						
56.	Canada (CN) .....						
57.	Aggregate other alien (OT) .....	X X X .....	X X X .....				
58.	Total .....	X X X .....	X X X .....	2,599,920	2,576,625		
DETAILS OF WRITE-INS							
5701	.....						
5702	.....						
5703	.....						
5798.	Summary of remaining write-ins for Line 57 from overflow page .....	X X X .....	X X X .....				
5799.	Totals (Lines 5701 through 5703 plus 5798) (Line 57 above) .....	X X X .....	X X X .....				

Received 3/2/06  
els**SUPPLEMENTAL COMPENSATION EXHIBIT**For the Year Ended December 31, 2005  
(To be filed by March 1)**PART 1 - INTERROGATORIES**

1. The reporting insurer is a member of a group of insurers or other holding company system:  
If yes, do the below amounts represent 1) total gross compensation paid to each individual by or on behalf of all companies which are part of the group:  
or 2) allocation to each insurer:
2. Did any person while an officer, director, or trustee of the reporting entity receive directly or indirectly, during the period covered by this statement any commission on the business transactions of the reporting entity?
3. Except for retirement plans generally applicable to its staff employees, has the reporting entity any agreement with any person, other than contracts with its agents for the payment of commissions whereby it agrees that for any service rendered or to be rendered, that he/she shall receive directly or indirectly, any salary, compensation or emolument that will extend beyond a period of 12 months from the date of the agreement?

Yes[X] No[ ]

Yes[ ] No[X]

Yes[X] No[ ]

Yes[ ] No[X]

Yes[ ] No[X]

**PART 2 - OFFICERS AND EMPLOYEES COMPENSATION**

1 Name and Principal Position	2 Year	Annual Compensation			
		3 Salary	4 Bonus	5 All Other Compensation	6 Totals
1. John Blank - Chief Executive Officer/President .....	2005	66,323	2,843	0	69,166
Warren Carmichael (\$313,599 through 8/20) John Blank (\$48,623 8/20 - 12/31)					
Chief Executive Officer .....	2004	54,874	307,438	0	362,312
Warren Carmichael - Chief Executive Officer .....	2003	46,275	366,236	0	412,511
2. Matthew Moore - Vice President and Executive Director .....	2005	35,221	18,647	0	53,868
.....	2004	0	0	0	0
.....	2003	0	0	0	0
3. Donald Mahler - Vice President & Senior Medical Director .....	2005	36,005	15,684	0	51,689
Donald Mahler - Vice President & Senior Medical Director .....	2004	5,370	2,756	0	8,126
.....	2003	0	0	0	0
4. Robert Baker - Vice President Medical Affairs .....	2005	37,301	11,131	0	48,432
Robert Baker - Senior Medical Director .....	2004	35,477	19,408	0	54,885
Robert Baker - Senior Medical Director .....	2003	34,866	18,688	0	53,554
5. Frederick Madill - Vice President Operations .....	2005	39,056	9,271	0	48,327
Frederick Madill - Vice President Operations .....	2004	35,277	15,229	0	50,506
Frederick Madill - Vice President Operations .....	2003	34,621	15,176	0	49,797
6. Joseph Sheridan - Medical Director .....	2005	30,652	9,954	0	40,606
Joseph Sheridan - Medical Director .....	2004	28,849	13,337	0	42,186
Joseph Sheridan - Medical Director .....	2003	28,222	12,268	0	40,490
7. Scott Bowers - Vice President & Executive Director .....	2005	24,635	14,592	0	39,227
Scott Bowers - Vice President & Executive Director .....	2004	4,593	2,388	0	6,981
.....	2003	0	0	0	0
8. David Thomas - Secretary/ Vice President & General Counsel/Assistant Treasurer .....	2005	29,117	9,289	0	38,406
David Thomas - Secretary/ Vice President & General Counsel/Assistant Treasurer .....	2004	25,895	14,022	0	39,917
David Thomas - Secretary/ Vice President & General Counsel/Assistant Treasurer .....	2003	25,095	13,505	0	38,600
9. Sheila Ward - Medical Director .....	2005	28,600	9,300	0	37,900
Sheila Ward - Medical Director .....	2004	26,917	11,011	0	37,928
Sheila Ward - Medical Director .....	2003	26,333	11,450	0	37,783
10. John Lang - Medical Director .....	2005	28,146	8,711	0	36,857
John Lang - Medical Director .....	2004	26,490	14,413	0	40,903
John Lang - Medical Director .....	2003	25,709	13,841	0	39,550

**PART 3 - DIRECTOR COMPENSATION**

1 Name and Principal Position or Occupation	2 Compensation Paid or Deferred for Services as Director	3 All Other Compensation Paid or Deferred	4 Totals
<b>NONE</b>			
9999999	0	0	0